

Hearing Information: 6/11/2019 8:30 AM

Assigned for all purposes to: May, Gus T., Judicial Officer:Stanley Mosk Dept. - 2D

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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 COUNTY OF LOS ANGELES, CENTRAL DISTRICT
12

13 In The Matter Of The
14 THIRD AMENDED AND RESTATED
THOMAS EARL PETTY LIVING
15 TRUST, dated September 7, 2006, as
amended
16

Case No. 19STPB03030
**PETITION FOR AN ORDER
INSTRUCTING TRUSTEE TO
EXECUTE AMENDED LIMITED
LIABILITY OPERATING
AGREEMENT**

[Probate Code § 17200(b)(6)]

17
18 Date:
19 Time:
20 Dept:
Judge:

1 Dana York Petty (“**Petitioner**”), as the sole successor trustee of the Third Amended
2 and Restated Thomas Earl Petty Living Trust, as amended (the “**Trust**”), hereby
3 respectfully petitions this Court for an order instructing Petitioner to execute the Amended
4 Limited Liability Company Operating Agreement (the “**Operating Agreement**”), and
5 alleges as follows in support thereof:

6 1. The legendary Thomas Earl Petty (“**Tom**”), one of the most beloved and
7 acclaimed stars in the history of music with a voice immediately recognizable all over the
8 world, was an American recording artist, renowned songwriter, world class performer, and,
9 of course, the lead vocalist and leader of the rock band Tom Petty and the Heartbreakers.
10 Tom died tragically on October 2, 2017, one week after completing his most commercially
11 successful and critically acclaimed concert tour. He was survived by Petitioner, his loving
12 wife of sixteen (16) years, and two daughters from his prior marriage, Adria Robin Petty
13 (“**Adria**”) and Annakim Violette (“**Annakim**”).

14 2. Tom’s Trust names Petitioner to serve as the sole successor trustee. In
15 accordance with those wishes, Petitioner has faithfully served as trustee since Tom’s
16 passing. Among her myriad responsibilities as trustee, the Trust empowers and directs
17 Petitioner to “create a California limited liability company (or such other *entity as the*
18 *Trustee deems appropriate*) ... to hold [Tom’s] Artistic Property” (the “**Artistic Property**
19 **Entity**” or “**LLC**”). A California limited liability company is generally formed by
20 execution of an “operating agreement” that includes, among other things, a governance
21 structure for how the managers will make business decisions. Tom gave Petitioner broad
22 discretion in creating the entity, which includes, if she decides to create a California
23 limited liability company, the execution of an operating agreement which contains a
24 governance structure. The Trust leaves the details to Petitioner’s sole and sound discretion
25 with only one caveat: that Petitioner, Adria, and Annakim “shall be entitled to participate
26 equally in its management.” Though each is entitled to participate equally in management,
27 the Trust provides Petitioner with sole discretion to define, for example, how decisions are
28 to be reached, such as by unanimous decision or majority rule, and whether and to what

1 extent certain management duties will be delegated to a professional manager. Tom
2 himself had a professional manager for more than 40 years, Tony Dimitriades, who was
3 essential to Tom's business. All parties agree professional management continues to be
4 essential. Although the Trust vests broad discretion in Petitioner, she has gone above and
5 beyond to seek to work cooperatively with Tom's daughters to agree on an Artistic
6 Property Entity structure that would ensure that they will all be able to participate equally
7 and harmoniously. Toward that end, Petitioner believes, particularly as a result of events
8 described below, that a structure is required that can ensure equal participation, not one
9 that all but certainly disenfranchises and excludes Petitioner altogether by giving Tom's
10 daughters the right to rule by majority.

11 3. Petitioner is certain that Tom did not intend that "equal participation in
12 management" meant empowering Adria and Annakim to join together to disenfranchise
13 Petitioner, Tom's widow. Indeed, Tom named Petitioner and only Petitioner to serve as
14 trustee of the Trust. Similarly, Tom gave Petitioner broad and sole discretion in forming
15 the Artistic Property Entity. In doing so, Tom demonstrated his faith in her judgment,
16 discretion, and decision-making abilities. Although Petitioner did everything in her power
17 to treat Adria and Annakim as family,¹ sadly, they, and in particular Adria, have repeatedly
18 demonstrated their resentment over their father's love of Petitioner and her role in his life.
19 It is now clear that their intent is to eliminate Petitioner from Tom's legacy. Meanwhile, in
20 light of Adria's conduct, a small example of which is described below, it is critically
21 important for Tom's legacy that Petitioner take the active role Tom intended for her.

22 4. Since Tom's passing, and despite the fact that Petitioner is the sole trustee of
23 the Trust and that the Artistic Property remains in Trust, Petitioner has consistently
24 attempted to include Adria (and later Annakim after she expressed a similar interest) in
25 business and creative decisions pertaining to the Artistic Property. In the process, Adria
26

27 _____
28 ¹ She has always sought to do the same with her step-grandchild, Adria's daughter Everly,
doting on Everly since birth.

1 has been abusive of Petitioner, Mr. Dimitriades (Tom’s personal manager of 40+ years),
2 Bernie Gudvi (Tom’s business manager of 35 years), Burton Mitchell (Tom’s estate
3 planning attorney of approximately 30 years), Larry Jenkins (the manager Adria purported
4 to hire without authority, whom Petitioner agreed to engage officially at Adria’s insistence
5 and with Mr. Dimitriades’s blessing), and even the surviving members of Tom’s band, the
6 Heartbreakers. Although Adria has had some good ideas (such as the hiring of Mr.
7 Jenkins), her erratic behavior has made it exceedingly—and increasingly—difficult to
8 carry on business and has threatened the Trust’s business dealings and important
9 relationships with the Heartbreakers, Tom’s record labels (which are critical to the ongoing
10 success of the franchise), and Tom’s longstanding management team.

11 5. Nevertheless, and although the Trust authorizes Petitioner alone to determine
12 the form and structure of the Artistic Property Entity, Petitioner has repeatedly attempted
13 to engage Adria and her representatives in a process to settle upon a mutually acceptable
14 operating agreement.² Despite numerous attempts to appease and accommodate Adria, she
15 either barrages Petitioner with abuse or there is “radio silence” until Adria resurfaces with
16 new and different demands, and the cycle repeats itself.

17 6. While not acknowledging Adria’s responsibility for the problems she has
18 caused for the Trust in its business relationships and dealings, and rendering it impossible
19 to settle upon an operating agreement for the Artistic Property Entity, Adria’s attorney has
20 himself admitted that these problems forcefully demonstrate the need for a professionally-

22 ² During the course of these negotiations, and in an effort to facilitate the Trust’s
23 administration, Petitioner authorized the formation of an entity, entitled Petty Unlimited
24 LLC, in which Adria, Annakim, and Petitioner were named as managers. Petitioner hoped
25 to use Petty Unlimited LLC as the Artistic Property Entity, and formed it with the
26 expectation that agreement would be reached on an operating agreement for its
27 management. This entity was never funded, however, because no operating agreement
28 was ever executed nor was agreement ever reached, as discussed below. Because
agreement could not be reached, Petitioner intends to form a new entity. Initially, the sole
member is the Administrative Trust, with a short form operating agreement. Petitioner
proposes, subject to court approval, to adopt the Operating Agreement in place and instead
of the short form.

1 managed business entity. To that end, Adria's attorney threatened in a letter on August 16,
2 2018, that absent agreement on forming an entity with a professional manager, Adria
3 would seek recourse in court. Just a few days later, Petitioner's attorney and Adria's
4 attorney had a phone call in which Adria's attorney stated that the professional manager of
5 the Artistic Property Entity should be Mr. Jenkins.

6 7. Adria initially purported to hire Mr. Jenkins as a consultant. Petitioner found
7 out after the fact. As it turned out, Mr. Jenkins, who, as discussed below, is extremely well
8 qualified and respected in the industry, has proven that Adria's selection was wise,
9 overlooking the fact that Adria wrongfully held herself out as having authority to bind the
10 Trust and employ Mr. Jenkins. After Adria's attorney's threatening letter of August 16,
11 2018, Petitioner agreed to a professionally-managed entity with Mr. Jenkins serving in the
12 capacity of professional manager. After Adria got exactly what she wanted, she rapidly
13 became disappointed as she learned that Mr. Jenkins was not going to allow Adria to run
14 roughshod over him or Petitioner, that Mr. Jenkins intended to include *all* voices in the
15 process and to make recommendations he believed were in the best interest of Tom's
16 legacy. Unsurprisingly, when confronted with these facts, Adria then changed her mind
17 and demanded that the manager be someone else. At the same time, Petitioner is informed
18 and believes Adria has told others that she is actually the person in charge, and that she
19 intends to run the show herself. This is no idle threat since the most valuable copyrights in
20 Tom's catalogue are co-owned by Adria's mother, Jane Benyo Petty ("**Jane**"), who
21 appears to have given Adria authority to speak on Jane's behalf.

22 8. Although Petitioner believed—and continues to believe—that Mr. Jenkins
23 has done an excellent job, and that there has been enough instability in the Trust's business
24 since Tom's passing, Petitioner nevertheless agreed to meetings with Adria's new
25 preferred manager. When Adria expressed concerns about an impending release by
26 Universal Records ("**Universal**") of a Greatest Hits album, Petitioner arranged for Adria
27 and Annakim to meet with Universal to discuss those concerns. Petitioner did not, nor
28

1 could she legally or responsibly, cede all authority over Trust decisions about the project to
2 anyone.

3 9. Unfortunately, Adria and Annakim took actions that demonstrated how they
4 intend to conduct business. The vast majority of “assets” to promote the Greatest Hits
5 album —videos, marketing materials, social media postings, etc.—had already been
6 approved by Mr. Jenkins, Petitioner, and the record company. Nevertheless, Petitioner
7 arranged for Adria and Annakim to meet with Universal to express their views. Petitioner
8 simply asked to be informed if changes to the assets were contemplated as a result of those
9 discussions. Adria and Annakim communicated nothing to Petitioner. Instead, Petitioner
10 learned that Adria and Annakim vetoed and overrode virtually every decision Petitioner,
11 Mr. Jenkins, and the record company had already made, at great financial cost. Petitioner
12 and Mr. Jenkins learned about the Adria’s and Annakim’s directives from Universal.
13 Nevertheless, Petitioner again relented to keep peace. Meanwhile, none of these last-
14 minute changes had any positive impact on the success of the Greatest Hits album. The
15 album came out the last week of February, sold essentially as many copies in the first week
16 as previously projected under the marketing plan agreed to by the record company, Mr.
17 Jenkins, and Petitioner, and is on target to sell as many copies as previously projected
18 under the marketing plan agreed to by the record company, Mr. Jenkins, and Petitioner.

19 10. Adding insult to injury, in the wake of the album’s release, Adria and
20 Annakim began doing press, stating that they were the sole stewards of Tom’s legacy, and
21 the ones with authority to make decisions regarding it. Despite the fact that they became
22 involved in the Greatest Hits album only in the last few weeks prior to its release, they held
23 themselves out as the ones who had done all the work and been solely responsible.
24 Petitioner remained silent.

25 11. In the meantime, Adria and Annakim again threatened litigation. As
26 mentioned, Petitioner has gone out of her way over a long period of time to engage Adria
27 and Annakim in negotiations over a governance structure to be contained in an operating
28 agreement for the Artistic Property Entity. Petitioner has done so even though the Trust

1 confers the discretion solely on Petitioner to determine how to form the Artistic Property
2 Entity so long as it involves “equal participation in management.” In that process,
3 Petitioner has repeatedly accommodated Adria’s ever-changing demands, and then waited
4 sometimes months for Adria to respond. The parties were working toward a structure with
5 professional management and a framework for consent by the three owners, either by
6 unanimity or majority, depending on the type of decision. Suddenly, however, Adria and
7 Annakim threatened Petitioner with litigation if she did not immediately transfer all of the
8 Artistic Property to an entity to be governed by the default rules in the California
9 Corporations Code, i.e., majority rule. Had Petitioner agreed, Adria and Annakim would
10 have had no incentive to approve an operating agreement that had any resemblance to the
11 one that had been under negotiation for more than a year.

12 12. Even then, in the interest of avoiding litigation and striving for harmony,
13 Petitioner said she would relent. But then came the straw that broke the camel’s back.
14 Adria (purporting to speak for herself and Annakim) rejected an enormously important and
15 lucrative offer from Warner Bros. Records (“**WB**”) within minutes of receipt and never
16 told Petitioner nor even discussed it with her. Indeed, in that same communication, Adria
17 told WB that the papers were being signed that would give Adria and Annakim majority
18 rule, and that business would then run smoothly, i.e., by their exclusive control.

19 13. During the middle of last year, Petitioner and her team began taking a closer
20 look at Tom’s catalogue and what album anniversaries were coming up over the next five
21 years. Three of Tom’s biggest albums were hitting milestone anniversaries in 2019:
22 *Damn The Torpedoes* (40 years), *Full Moon Fever* (30 years), and *Wildflowers* (25 years).
23 Anniversaries provide inherent and crucial marketing and publicity hooks for an album’s
24 reissue. Fans have been clamoring for the release of an album entitled *Wildflowers – All*
25 *The Rest* since Tom himself completed work on it several years before he died with a
26 scheduled release date originally for 2015. *Wildflowers* is Tom’s most popular studio
27 album within his extensive catalogue, and a boxed set that furthers Tom’s vision to expand
28 upon the original release would be enthusiastically greeted by fans. *Wildflowers – All The*

1 *Rest* consisted of ten (10) tracks, most of which were previously unreleased outtakes from
2 the original album sessions. WB paid \$400,000 for the delivery of that album.
3 Meanwhile, Tom was also looking for other recordings connected to *Wildflowers* that had
4 not been released previously.

5 14. After Tom died, Petitioner and Tom's longtime management team asked
6 Tom's longtime engineer and co-producer, Ryan Ulyate, to begin looking for other
7 unreleased tracks from the *Wildflowers* sessions. At the same time, Petitioner began
8 looking for demos and home recordings that Tom had created during 1992 and 1994 when
9 the sessions for *Wildflowers* were happening. A treasure trove has been found, and Mr.
10 Ulyate has begun preparing rough mixes of potential tracks suitable for release. So much
11 has been found, in fact, that on March 29, WB formally offered to pay an additional
12 \$500,000 advance for the release of a *Wildflowers* boxed set later this year. If that release
13 is comparable in success to that of The Box Set (discussed below), there will be additional
14 record royalties earned by the Trust. Mechanical publishing royalties alone could bring in
15 an additional \$400,000 to \$600,000, depending on how many tracks would be included.
16 That is \$900,000 to \$1,100,000 (before costs for preparing the tracks, legal fees, etc. that
17 could total approximately \$150,000) to be split between Tom's Trust and Jane for the
18 delivery, release, and success of a *Wildflowers* box set. These revenue projections are
19 before any additional negotiation with WB has taken place, which could significantly
20 increase the advance.

21 15. After Petitioner, Mr. Jenkins, and David Altschul, Tom's longtime music
22 lawyer, received the WB proposal, Mr. Altschul immediately sent it to Jane's team, as well
23 as to Adria and Annakim, in the spirit of collaboration. Within minutes of Mr. Altschul
24 pressing send, Adria texted the Trust's key representative at WB saying that Adria was
25 disappointed that WB had even sent a proposal because Adria does not want to reissue
26 *Wildflowers* in any form this year, i.e., the year of its 25th anniversary. She reiterated that
27 this year was not a good time and that beginning April 1, all decisions for the estate would
28 be "majority rule" and everything would be running more smoothly as a result. This text

1 was sent without any consultation with Petitioner or her representatives and has once again
2 created uncertainty within WB as to why a *Wildflowers* release would be delayed beyond
3 this 25th anniversary and after Warner paid for this album more than three years ago.

4 16. Following these events, Petitioner's counsel, Adam F. Streisand, a partner of
5 Sheppard, Mullin, Richter & Hampton LLP, reached out to Adria's counsel, Alan
6 Watenmaker, a partner of Hoffman, Sabban & Watenmaker, in an attempt to bring the
7 negotiations of the Operating Agreement back on track. Mr. Watenmaker said his vision
8 all along was that the entity needed a professional manager who would "run the show" and
9 seek the consent of the owners "as needed." Mr. Streisand told Mr. Watenmaker that, if
10 his client shared that vision, there should be no issue formalizing it in writing, because that
11 is precisely the form of structure they had been working on for a very long period of time.
12 Mr. Watenmaker replied, however, that Adria and Annakim were likely to file litigation.
13 Petitioner then received a text message from Annakim stating that Adria's and Annakim's
14 attorneys were filing litigation if the Artistic Property Entity were not funded that same
15 day.

16 17. Petitioner has thus determined that out of respect for her husband and the
17 legacy of Tom Petty and the Heartbreakers, Petitioner simply cannot relent any longer.
18 Mr. Jenkins, Adria's first choice of manager to replace Mr. Dimitriadis's 40+ years of
19 service to Tom, was the right choice and Petitioner believes an operating structure with
20 Mr. Jenkins as the professional manager with day-to-day operational authority, and
21 material decisions to be made by consensus among Petitioner, Adria, and Annakim, is the
22 only way to accomplish the mandate of the Trust with regard to the formation and
23 operation of the Artistic Property Entity.

24 18. Under Mr. Jenkins's stewardship, and even without Tom's ability to generate
25 revenue through touring and other activity, 2018 was an incredibly successful year
26 financially. Petitioner also believes that Mr. Jenkins has the right vision to effectively
27 further Tom's legacy in a manner consistent with Tom's values. He understands that Tom
28 did not make music solely to "sell product" and that the value of Tom's music and his

1 name and image is very much a result of the fact that Tom was one of the last, great rock
2 & roll stars who proudly maintained his integrity by not pursuing every dollar offered to
3 him. While commercializing Tom's music, name, and image is important, Tom would
4 have been adamant that it must never be done in a way that would compromise the long-
5 term value of the "brand" or his own core values for short-term gain.

6 19. Mr. Jenkins has been managing the Artistic Property for more than a year
7 with great success under the generous mentorship of Mr. Dimitriades, Tom's highly-
8 regarded manager of 40+ years, who is transitioning into a well-deserved retirement. With
9 Mr. Jenkins' assistance, the Trust outperformed projections in every category of its
10 business, and Mr. Jenkins has built solid relationships with Tom's longtime bandmates,
11 artistic collaborators, and business and legal associates. The cost of starting over with new
12 management would be high, and it is simply not in the best interest of the Trust or the
13 Artistic Property to employ a professional manager whose failure to include all three
14 decision-makers will inevitably result in deadlock and litigation. Moreover, as history has
15 shown, even if Petitioner again agreed to the structure that Adria now feels she wants with
16 the new manager Adria wants, there is no guarantee Adria will not change her mind
17 tomorrow and dictate new demands and yet another new manager.

18 20. After further threats of litigation by Adria, it has become sadly clear that
19 Adria was correct that the assistance of the Court is necessary. Thus, based upon the
20 authority vested in her by the Trust instrument, Petitioner requests an order instructing her,
21 as trustee, to execute the Operating Agreement, a true and correct copy of which is
22 attached hereto as **EXHIBIT 1**.

23 21. The Operating Agreement establishes a manager-managed California limited
24 liability company in which Petitioner, Adria, and Annakim have equal authority and
25 participation, but with professional management of the day-to-day business activities. The
26 Operating Agreement appoints as professional manager Mr. Jenkins. Equal participation
27 in management can only be ensured by requiring consensus for significant decisions;
28 otherwise, the opportunity of the majority—Tom's daughters from his marriage to Jane—

1 to abuse and exclude Petitioner’s minority position, which will inevitably lead to endless
2 litigation, would be a virtual certainty. Adria and Annakim’s actions to date prove that is
3 where this is otherwise headed.

4 22. **Standing.** Petitioner is the successor trustee of the Trust, and therefore has
5 standing to petition the court under Probate Code section 17200.

6 23. **Jurisdiction and Venue.** Jurisdiction is proper under Probate Code sections
7 17000(a), 17002(a), 17002(b)(2), and 17003, because the proceeding concerns the internal
8 affairs of the Trust, the day-to-day activity of the Trust is carried out in California, and
9 Petitioner is the successor trustee and resides in California. Venue is proper under Probate
10 Code Section 17005(a)(2) because the Trust is administered in Los Angeles County.

11 24. **Legal Authority.** The Probate Code authorizes a trustee to petition the
12 Court concerning the internal affairs of a trust. Prob. Code. § 17200 (a). “Proceedings
13 concerning the internal affairs of a trust include...[i]nstructing the trustee.” *Id.* at §
14 17200(b)(6).

15 25. **Family Background.** Tom was previously married to Jane from 1974 to
16 1996. Jane and Tom had two children during their marriage: Adria and Annakim. After
17 several years together, Tom and Petitioner were married on June 21, 2001. Petitioner has
18 one son—Dylan Epperson—from a previous marriage, whom Tom treated and raised as
19 his own.

20 26. **Tom Petty and the Heartbreakers.** Tom, during his 40 plus year career,
21 released 20 studio albums, the majority of which were with his band, Tom Petty and the
22 Heartbreakers. Tom Petty and the Heartbreakers were enormously successful in recording
23 albums and touring. They were exceptional in the music industry not only for their talent
24 but also for their longevity. Four of the band’s five founding members, including Tom,
25 were on the band’s final tour in 2017, which turned out to be the single most financially
26 successful tour of Tom’s career. Tom died at the pinnacle of his fame, just one week after
27 three sold out shows with the Heartbreakers at the Hollywood Bowl.

28

1 27. **The Trust.** Tom, as trustee and grantor, established the Trust originally on
2 February 14, 1999, and amended the Trust subsequently. The operative instruments are
3 the Third Amended and Restated Thomas Earl Petty Living Trust, dated September 7,
4 2006, a true and correct copy of which is attached hereto as **EXHIBIT 2**; and the First
5 Amendment to the Third Amended and Restated Thomas Earl Petty Living Trust, dated
6 December 18, 2009, a true and correct copy of which is attached hereto as **EXHIBIT 3**.

7 28. **Administration of Trust Upon Tom's Death.** Upon Tom's death, the Trust
8 became irrevocable and Petitioner became successor trustee of the Trust. (Ex. 2, Art. 2,
9 Sec. 2.4; *Id.*, Art. 11, Sec. 11.1). Until such time as distributions may be made to fund
10 subtrusts to be created under the Trust, Petitioner administers the Trust as an
11 "Administrative Trust" under the terms of the instruments.

12 29. The Trust directs the trustee to set aside all "Artistic Property" held by the
13 Trust Estate (or to be received by the Trust Estate as a result of the death of the Grantor),
14 and to "create a California limited liability company (or such other entity as the Trustee
15 deems appropriate)...to hold the Artistic Property." (Ex. 3, Art. 5, Sec. 5.2). "Artistic
16 Property" is defined as:

17 (A) all intellectual property rights beneficially held by the Trust
18 Estate (or to be acquired by the Trust Estate as a result of the
19 death of the Grantor) (whether such ownership is outright or
20 through an entity), which are attributable to any and all of the
21 Grantor's efforts with respect to his music, including, without
22 limitation, all of his rights as a recording artist, composer,
23 publisher and/or record producer; and (B) all tangible personal
24 property held by the Trust Estate (or to be acquired by the Trust
25 Estate as a result of the death of the Grantor) which are
26 attributable to any and all of the Grantor's efforts with respect
27 to his music, including, without limitation, as a recording artist,
28 composer, publisher and/or record producer (such as audio and
 visual recording masters.)

(Ex. 2, Art. 15, Sec. 15.2).

30. Following the set aside of the Artistic Property, the Trust directs the trustee
to divide the remaining estate, including, without limitation, any property received from

1 Tom's probate estate, into two (2) shares, to be held separately in two trusts: (1) the
2 Marital Trust, and (2) the Issue's Trust. (Ex. 2, Art. 5, Sec. 5.3). In addition to other
3 specific allocations, the trustee is instructed to allocate an undivided one-third (1/3)
4 membership interest in the Artistic Property Entity to the Marital Trust, and an undivided
5 two-thirds (2/3) membership interest (or other beneficial interest) in the Artistic Property
6 Entity to the Issue's Trust. (Ex. 3, Art. 5, Sec. 5.2 (a)-(b)).

7 31. As to the governance of the Artistic Property Entity, the Trust provides:

8 With respect to the creation of the Artistic Property Entity, the
9 Trustee is directed to create the governing documents of the
10 Artistic Property Entity such that those of the Spouse, ADRIA,
11 and KIM who are living at the time of the creation of the Artistic
12 Property Entity shall be entitled to participate equally in the
13 management of the Artistic Property Entity, even though their
14 respective economic interests in the Artistic Property Entity are
15 not equal.

16 (Ex. 3, Art. 5, Sec. 5.2(b)).

17 32. **The Operating Agreement.** The proposed Operating Agreement would be
18 formed with the Administrative Trust as the initial member of the LLC. According to the
19 terms of the Trust discussed above, when the Marital Trust and Issue's Trust are formed,
20 Petitioner would distribute the membership interests in the LLC from the Administrative
21 Trust in the proportions provided in the Trust: one-third (1/3) to Petitioner, as trustee of the
22 Marital Trust, and two-thirds (2/3) to the Issue's Trust, with one-third (1/3) going outright
23 to Adria, two-ninths (2/9) going outright to Annakim, and one-ninth (1/9) going to
24 Annakim and Gerri Leonard, as co-trustees of the Trust f/b/o Annakim, created under the
25 Trust, dated February 24, 1999 ("**Annakim's Trust**").³ (Ex. 1, ¶ C (1)-(2)(c)).

26 33. The Operating Agreement provides that the LLC will be managed as
27 follows:

28 9.1 **General Management.** Subject to the remaining provisions
of this Agreement, the LLC's business shall be managed by the

³ The interests held by Annakim's Trust will be distributed, free of trust, to Annakim on or after January 17, 2022, subject to the terms of the Issue's Trust.

1 Manager. The Manager shall be responsible for the day-to-day
2 management of the LLC's business and shall have all rights and
3 powers generally conferred by law or necessary, advisable or
4 consistent in connection therewith. The Manager shall devote
5 such time to the LLC as shall be necessary in his sole and
6 absolute discretion to conduct the LLC's business and to carry
7 out his duties and responsibilities under this Agreement for the
8 furtherance of the LLC's business.

9 9.2 Limitations on Power of Manager. Notwithstanding any
10 other provision of this Agreement, the Manager shall not have
11 authority to cause the LLC to engage in the following
12 transactions without first obtaining the unanimous written
13 consent of the Members:

14 (a) The sale, exchange or other disposition of substantially all of
15 the LLC's assets occurring as part of a single transaction or plan,
16 or in integrated multiple transactions except in the orderly
17 liquidation and winding up of the business of the LLC upon its
18 duly authorized dissolution.

19 (b) The merger of the LLC with another limited liability
20 company or corporation, general partnership, limited
21 partnership or other entity (except that any act which would
22 cause a Member to incur personal liability for the obligations of
23 the LLC or its successor shall also require the consent of such
24 Member).

25 (c) An alteration of the authorized businesses of the LLC as set
26 forth in Article 4 of this Agreement.

27 (d) Any act which would make it impossible to carry on the
28 ordinary business of the LLC.

(e) The confession of a judgment against the LLC in excess of
\$100,000.

(f) The borrowing of money in excess of \$100,000 or guaranty
of the debt of another.

(g) Any transaction, including the rendering of services,
between a Member or any Affiliate of a Member and the LLC.

(Ex. 1). In sum, the Manager is responsible for the day-to-day operations of the LLC. For
any decision outside the ordinary course of day-to-day business, as specified in paragraphs

1 9.2 (a)-(g), the Manager requires the unanimous written consent of all the members to act.
2 The Operating Agreement provides that the members may remove the Manager as follows:

3 9.9 Resignation or Removal of a Manager. A Manager may
4 resign at any time upon written notice to the LLC and the
5 Members. A Manager may be removed with or without cause by
6 the unanimous written consent of the Members. Resignation or
7 removal of a Manager who is also a Member shall have no effect
8 on such Member's rights as a Member or their Membership
9 Interests.

10 (Ex. 1).

11 34. By the provisions above, Petitioner submits that she is properly exercising
12 the authority vested in her by the Trust to create the Artistic Property Entity in the form
13 she determines that provides each of Petitioner, Adria, and Annakim an equal right to
14 participate in the management of that entity. It should be noted that nothing in the Trust
15 requires majority rule or unanimous consent; the Trust merely requires that Petitioner,
16 Adria, and Annakim have equal participation in management. Requiring the members to
17 work collaboratively to reach decisions to which each must agree satisfies the requirement
18 that each of them participate equally in management.

19 35. **The Court should approve Petitioner's execution of the Operating**
20 **Agreement.** The Court should approve Petitioner's execution of the Operating
21 Agreement. Under the terms of the Trust, Petitioner has discretion to establish the type of
22 entity she "deems appropriate," so long as long as Petitioner, Adria, and Annakim have
23 equal participation in that entity. The Operating Agreement accomplishes that mandate. It
24 accepts Adria's suggestion for a "manager-managed" California LLC, providing a
25 workable structure to facilitate decision-making. Given the problems since Tom's death in
26 managing the business, a few of which are highlighted below, neither a "member-
27 managed" LLC (whether by majority or unanimity) nor a manager-managed LLC in which
28 Adria, Annakim, and Petitioner were the managers would be a feasible structure to manage
the Artistic Property. After months of exemplary performance as a consultant, Petitioner
accepted Adria's initial request to appoint as Manager Mr. Jenkins. In his work since that

1 time, Mr. Jenkins has demonstrated the knowledge, experience, and expertise to manage
2 the LLC, maximize its value, and honor Tom’s legacy. Petitioner, Adria, and Annakim
3 have equal participation as LLC members on all decisions outside of ordinary, day-to-day
4 business activities, and the right to remove and replace the Manager. Unanimity on
5 approving major decisions and in removing and replacing the Manager is critical to ensure
6 that the dearth of experts who would have the ability to manage the Artistic Property
7 would be willing to do so, and to avoid havoc to the business and brand from turnover.
8 Mr. Jenkins has consented to act but only within the parameters of this Operating
9 Agreement.

10 36. Moreover, it is important to note that Jane, Tom’s ex-wife, owns 50% of the
11 publishing rights for music created during Jane and Tom’s marriage, which includes some
12 of the most important and valuable works in his career. It is therefore crucial that
13 Petitioner, Adria, and Annakim work cooperatively with Jane. Petitioner and Jane have
14 been working together in a cooperative and productive manner since Tom’s death, and
15 even more so since Jane’s conservatorship—in which Adria acted as Jane’s conservator—
16 was terminated. Importantly, Jane has also worked well with Mr. Jenkins, notwithstanding
17 Adria’s best efforts to poison the relationship, and Mr. Jenkins is willing and ready to work
18 with Jane and/or her representatives in a productive manner.

19 37. **The Operating Agreement complies with the terms of the Trust and**
20 **California Corporations Law**. The Trust is unambiguous that Petitioner, as the successor
21 trustee of the Trust, has the sole authority to create an entity to hold the Artistic Property
22 so long as the governance documents of that entity satisfy one criterion: Petitioner, Adria,
23 and Annakim “shall be entitled to participate equally in the management...”. (Ex. 3, Art.
24 5, Sec. 5.2(b)). The Trust does not specify what type of entity Petitioner must establish,
25 and in fact gives her broad authority to establish the type of entity Petitioner “deems
26 appropriate.” (Ex. 3, Art. 5, Sec. 5.2). Specifically, the Trust provides: “The Trustee is
27 hereby directed to create a California limited liability company (*or such other entity as the*
28

1 *Trustee deems appropriate*)...to hold the Artistic Property.” (Emphasis added). (Ex. 3,
2 Art. 5, Sec. 5.2).

3 38. The Trust likewise does not specify how the entity is to be governed, except
4 that Petitioner, Adria, and Annakim must have equal authority. There are two types of
5 California LLCs: (1) member-managed LLCs, and (2) manager-managed LLCs. The
6 primary distinction between the two types of entities is that, in a member-managed LLC,
7 the members make the day-to-day business decisions. In a manager-managed LLC, the
8 manager makes the day-to-day business decisions, and the members make decisions
9 outside the ordinary course of business. *See* Cal. Corp. Code § 17704.07.

10 39. The Trust does not specify *how* Petitioner, Adria, and Annakim are entitled
11 to participate in the management of the LLC. However, the Operating Agreement is
12 consistent with the default governance rules for manager-managed LLCs, as outlined in the
13 California Corporations Code. Specifically, California Corporations Code section
14 17704.07 provides:

15 (c) In a manager-managed limited liability company, the
16 following rules apply:

17 (1) Except as otherwise expressly provided in this title, any
18 matter relating to the activities of the limited liability company
19 is decided exclusively by the managers.

20 ...

21 (4) The consent of all members of the limited liability company
22 is required to do any of the following:

23 (A) Sell, lease, exchange, or otherwise dispose of all, or
24 substantially all, of the limited liability company’s property,
25 with or without the goodwill, outside the ordinary course of the
26 limited liability company’s activities.

27 (B) Except as otherwise provided in Article 10 (commencing
28 with Section 17710.01), any other act outside the ordinary
course of the limited liability company’s activities.

1 40. Because the Operating Agreement establishes an entity, which, in
2 Petitioner's discretion, is appropriate, and because it enables Petitioner, Adria, and
3 Annakim to participate equally in its management, the Operating Agreement complies with
4 the terms of the Trust. It also follows the ordinary, default provisions of the California
5 Corporations Code. Those provisions are designed to ensure equal participation by the
6 members in the management of the business entity.

7 41. Further, the Operating Agreement is consistent with Tom's intent. Tom's
8 longtime estate planning attorney, Burton Mitchell, and Mr. Mitchell's colleagues at Jeffer
9 Mangels Butler & Mitchell LLP drafted the Operating Agreement to be consistent with
10 what Mr. Mitchell knew to be Tom's intent.

11 42. **A member-managed LLC is not a viable solution.** Even if the Trust
12 required a member-managed LLC (which it does not), the day-to-day business simply
13 cannot be conducted by the members, a fact which even Adria acknowledges. The events
14 of the past year and a half have proven the point beyond dispute. For example, in an effort
15 to placate Adria, even though Adria has been unwilling to agree on an operating agreement
16 for the LLC, Petitioner allowed Adria to have a prominent role in managing the business,
17 so long as Adria consulted Petitioner and obtained her approval. Instead, Adria has made
18 numerous business decisions unilaterally, without consulting Petitioner, and with no
19 authority to do so. Moreover, Adria has taken actions that have been detrimental to the
20 business, including alienating valuable brand ambassadors, impetuously threatening to
21 terminate important and profitable projects, and delaying implementation of business
22 decisions when those decisions do not comport with Adria's exact vision. Adria has also
23 drawn out the process of reaching an agreement to form the LLC, refusing to engage or
24 respond—even when Petitioner has attempted to accommodate Adria's suggestions for the
25 same, while threatening litigation if agreement cannot be reached. A few examples of the
26 problems that have arisen managing the Artistic Property are highlighted below to
27 demonstrate the point that professional management with truly equal participation and
28 unanimity on key decisions is the only feasible alternative.

1 a. Box Set and Greatest Hits. Adria initially wanted the first project post
2 Tom's death to be a two-CD set solely featuring "deep tracks" (previously released songs
3 that were not featured singles) spanning Tom's entire output of albums (both solo and with
4 the Heartbreakers). Mr. Jenkins and Tom's management team felt this product would not
5 be successful because all of these "deep tracks" are already readily available physically, on
6 download stores, and at streaming services, and a repackaging of them into a compilation
7 would be neither commercially viable nor attractive to Tom's record companies (WB and
8 Universal). Mr. Jenkins, in conjunction with Tom's management team, conceived of the
9 idea of a career-spanning Box Set that would feature previously unreleased recordings,
10 alternate versions of hits and album tracks, and historic live recordings and songs with
11 which a healthy amount of "deep tracks" could be included so that Adria's original vision
12 could be incorporated. However, in order to release any compilation album that utilizes
13 sound recordings spanning Tom's career, Tom's team had to obtain permission from both
14 WB and Universal because Universal owns the sound recordings of Tom Petty and Tom
15 Petty and the Heartbreakers from 1976-1994, and WB owns the sound recordings from
16 1994 to Tom's death. To obtain both labels' cooperation, Petitioner, Adria, Mr. Jenkins,
17 and Tom's management team agreed to permit WB to release the Box Set in September
18 2018, and to permit Universal to release a career-spanning "Greatest Hits" album in
19 November 2018.

20 b. Because of the tie-in of both projects, Mr. Altschul was able to
21 negotiate a substantial advance payment. The two projects are interdependent: WB and
22 Universal would only authorize the use of all of the recordings for these two projects if
23 WB could release the Box Set and Universal could release the Greatest Hits album (and do
24 so according to the timetable above). Obviously, if the release of either project was held
25 up for any reason, the advance payment on both projects would be lost (as would
26 additional benefits directly from the projects and indirectly as the business continues to
27 honor Tom's legacy and satisfy the demand for new content from his fans). However,
28

1 Adria's behavior and actions nearly derailed both the Box Set and Greatest Hits multiple
2 times.

3 c. Dispute over Titles. Adria threatened to halt the Box Set project,
4 although she had no authority to do so, and worse, was poised to shatter the incredibly
5 important relationship with the Heartbreakers, when Adria insisted that the Box Set be
6 titled "Tom Petty," and not "Tom Petty and the Heartbreakers." Petitioner and Mr.
7 Dimitriades, Tom's longtime personal manager, believed it was important to release and
8 bill the Box Set under the artist name "Tom Petty and the Heartbreakers" for at least three
9 reasons.⁴ First, Petitioner did not believe Tom would have wanted to exclude the
10 Heartbreakers given that any time Tom released a compilation album that included his own
11 songs and songs from Tom Petty and the Heartbreakers, Tom insisted that the album title
12 *always* include "the Heartbreakers." Second, the most important and valuable brand
13 ambassadors for Tom Petty, both in terms of his music and his legacy, are the current,
14 living, founding members of the Heartbreakers: Benmont Tench and Mike Campbell.
15 Thus, their involvement in the Box Set and their endorsement of its release would be
16 crucial to its success. Third and finally, fifty-seven (57) of the sixty (60) tracks were
17 originally billed as "Tom Petty and the Heartbreakers," so it only seemed fair and
18 consistent to include the Heartbreakers in the title. But Adria was adamant: the Box Set
19 must be billed and released under the name "Tom Petty" and, rather than risk derailing
20 both projects, Petitioner agreed to relent.

21 d. When it came time to decide the artist name of the "Greatest Hits," to
22 be distributed by Universal, Petitioner thought it was a fair compromise, and consistent
23 with Tom's previous actions, to include the Heartbreakers in the artist name, especially
24 because they were excluded from the Box Set. Mr. Tench and Mr. Campbell agreed, and
25 were in fact (understandably) adamant that the Greatest Hits include the "Heartbreakers" in
26

27 _____
28 ⁴ Mr. Jenkins was only newly hired at the time of this dispute, and therefore did not
express an opinion on the title.

1 the artist name. Jane, too, agreed that it was the right decision, but Adria did not. Not only
2 did Adria voice her opinion to Petitioner and Mr. Jenkins, she wrote directly to Mr. Tench
3 and Mr. Campbell. Adria's email to Mr. Tench and Mr. Campbell, who were two of the
4 closest people in the world to Tom (one of whom is Adria's godfather), is riddled with
5 half-truths and outright lies, but more importantly, is consistent with how Adria
6 communicates to everyone who was close to Tom, and speaks for itself:

7 I personally walked in and made this deal with both labels with
8 Larry and Tony - a deal Tony could not make during dad's
9 lifetime. Tony did not utter a word and not because I spoke over
10 him but because he did not have a pitch for how to make it
11 different or special and make the deal.

12 ...

13 Executed with a temperament i am proud to say got a lot of
14 favors and goodwill to make them so great.

15 But what he should have told you if he did not was this is
16 IMPORTANT!!!!

17 a) both releases are a collaborative between two labels and they
18 are both allowed to maximize the commemorative tribute to
19 dad. Like an elvis - a bowie - a career retrospective.

20 TONY, LARRY, DANA and JANE agreed to this on our last
21 all hands call. **Jane and I will not be changing the title. It will**
22 **not come out without our approval.**

23 We all know it is the best way forward which is the only
24 important thing right now. No one wants to disappoint you guys
25 but this is unwise and we actually need to make some wise
26 moves right now. And neither of you are really willing to listen
27 or calm down so what can i do? I need to do what is best for the
28 project. Which believe it or not benefits you both.

b) I have told Tony and shared a rough mock up where -The
Heartbreakers- Mudcrutch - Solo work - are largely placed on
the cover. They will be even larger when shepard incorporates
them. Usually the heartbreakers appeared small on the cover of
albums so i think this iswell it is spinal tap. Image is below.

The top of it says tom petty? It is his life's work and he died?

1 **It would be nice if we could move on.**

2 The record will not come out as exactly as you requested but
3 pretty damned close to it. And it will not be a mystery in a box. It
4 will be clear how it was curated.

5 ...

6 **What I don't have the temperament for is having my entire**
7 **life raped. Being disparaged. My dad being disgraced.** And
 being surrounded by selfish, unreliable people and drug addicts.

8 I also don't like feeling my entire family (very much including
9 Dana) is in financial danger. And that people are making
10 decisions that waste our money all the time and I don't even
11 know if they are aware of it? Because they are so used to more
 money coming in.

12 Serious danger. And Tony and Bernie to this day seem to have
 no concern about that. You guys don't either?

13 Dana is undoubtably still in shock. I am. The estate is in big
14 trouble my dad's family is not safe or secure.

15 But the bottom line is I know some stuff, I deserve some respect.
16 I earned it from my dad and the rest of the world - not sure why
 you guys are the exception.

17 I spoke to my dad every time a record was released or a tour
18 booked. He trusted me with important matters and it seems no
19 one recalls this. Everyone the band has worked with for photos
20 or videos or album covers or art direction was practically chosen
21 by me? Jeri Heiden, Shepard Fairey , Danny Clinch, When he
 would do anything. Since 2002. He trusted me. he discussed his
 philosophy on promoting the music with me for over 20 years,

22 He trusted me for more than my "good taste". He trusted me for
23 my good sense.

24 I made running down a dream film and the book with him in
25 like 6 weeks of ass saving. I built the first chapter of legacy with
 him. Side by side.

26 I speak to bob's manager jeff rosen regularly. And olivia
27 harrison. Olivia who has sold the most box sets successfully over
28 any artist in the music industry. **She would put Tom's name at**
 the top of this album the year he died. You bet your ass.

1 And she would have booked a concert with the other musicians
2 if it got cancelled by his long time band mates. If In particular it
3 was detonated by a manager who has needed basically all of the
attention since dad died.

4 **Because honoring george or tom would have been THE**
5 **ONLY THING on her mind and everyone's mind. I am sad**
6 **my dad does not have friends like that. But you know we all**
need to think about Tony a little more right now probably.

7 People respect me a great deal more as a business woman
8 outside of this camp than the two of you do. And the screaming
and flexing needs to end. I need a fair shake.

9 You are both allowed to lose your shit (but i am not) and have
10 boundaries and other family obligations (i am not). That is over
11 for me. It is a meritocracy. Respect is earned by actions. And I
12 am tired of being treated like a kid and even worse... like a
woman.

13 Tony is allowed to put all of our collective business professional
14 and personal in everyone's living room and gossip and spin
15 things any which way. But i deserve litigator letters? You guys
seriously. What uncles?

16 **A business needs to run anyway. So I run it. Being attacked**
17 **every week for what? Doing a good job I guess for free ? Not**
wanting to get steamrolled or ripped off.

18 **Consider how mind bending it is that my dad's own team**
19 **would be so difficult? In the process of honoring him. The**
20 **labels mention it often. Our missed deadlines, our disorder**
21 **and inability to confirm any heartbreaker involvement or**
22 **deliver art work and track listings remotely on time. These**
23 **things cost the estate money btw. Like re sequencing discs**
the night before delivery. Costs us money not mike and
ryan?

24 I know what time it is. I know what an angry mob looks like.

25 What am I guilty of - I got really upset with a manager and
26 business manager that were not alarmed by the lack of cash and
27 heaping overhead. And they happened to be the people who
orchestrated taking the estate right after dad died with Dana's
brother.

1 And they had no plan whatsoever to change the business model
2 based on the fact tour income was no more. Even 6 months later.
3 They both also wanted an endless entitlement to take as much as
4 they could while rendering few of the services they did in the
5 past. Services we still don't have in place to this day. I fucked
6 with their money so i am the enemy. Its pretty simple. It is very
7 LA. Please don't take anymore bait. I ask you both refuse to
8 discuss me and just talk to ME.

9 I will still be tom's daughter you have known to be reliable
10 literally my entire life.

11 Even when dad was alive to promote records they did not sell
12 very much. This can be the one exception. A tribute year.

13 As a result of this work we have done together on AAT we have
14 these awesome projects to carry on his legacy. AND YOUR
15 LEGACY. Your band names will be prominent on this new
16 release for Best of Everything and I have faith my instincts are
17 on the money.

18 And if you want put your names not just heartbreakers on the
19 back as consulting producers r something? I don't know go for
20 it.

21 Beautiful and tasteful videos and album covers will come out
22 too. And cool musical content. Also a nice essay by cameron
23 crowe i personally went to see him to convince him to do.

24 **I needed you both to do it with me. I really did. I needed your**
25 **support and soul and trust and your barometer on how to**
26 **really touch people with dad's humanity and music. And I**
27 **needed your protection. But I am sadly disillusioned.** And I
28 am moving back to new york to be near some actual friends and
family. For my daughter's sake. The screaming down the phone
from Benmont over an album title made my decision for me.

And i will do this business through larry and lawyers going
forward.

In terms of promotion now if you don't want to do it out of
the goodness of your heart - in particular after this year of
all years.... I just don't care. I thought you both would keep
us all together. But this drama is not needed. Your children
and grandchildren will know who played on these songs. I will
always make certain of that. And in fact you will be more in the

1 spotlight now than ever before if you choose. So please don't
2 bug out.

3 I support you both 100% and I want you both to be happy. And
4 I know how important you are to this music and its legacy. It is
5 your music too. Without a doubt. But my dad needs some love
6 right now.

7 I hope you are cool with this compromise.

8 I have been devoted to you both for a lifetime. Please do not
9 allow this management drama technique to continue or we will
10 not be close anymore and that would really suck.

11 I am sorry i am not a man and can not earn your respect through
12 the work and deeds I do. And the good counsel I am giving. Or
13 trying to give. It comes from a lot of research and experience.

14 I am sorry upsetting things this year, have upset me.

15 (Emphasis added). This email is replete with absolute falsehoods from beginning to end.
16 Nevertheless—or, perhaps, precisely for that reason—Adria's letter, and numerous others
17 like it, as well as her words and actions, have done real damage to the relationship with the
18 Heartbreakers, and has cast doubt as to whether they will be willing to assist in their *de*
19 *facto* roles as the most important brand ambassadors for the Artistic Property.

20 e. Disputes over forwards. Adria likewise threatened to cancel the Box
21 Set over a disagreement about whether the Box Set should contain forwards—a personal
22 note at the beginning of the Box Set—the content of those forwards, and the order of
23 forwards. Adria insisted that, although it was Tom's practice not to include forwards in his
24 albums, she and Petitioner write forwards to the Box Set, and that her forward be featured
25 before Petitioner's forward. Mr. Campbell, who played on the bulk of the songs contained
26 in the Box Set, felt very strongly that the Box Set should not include forwards, and
27 Petitioner agreed. Adria would not compromise, insisting that the Box Set would not be
28 released without a forward. Mr. Jenkins suggested that both Petitioner and Adria turn in
forwards that were 300 words or less, which would be an appropriate length for the Box
Set. Adria initially turned in a forward that was over 1500 words, and inappropriate in

1 numerous respects. Mr. Jenkins told Adria she needed to cut her forward down, and edit
2 the content. Adria complied somewhat, cutting it down to 800 words. Petitioner then
3 thanked Adria and suggested via email it could be made a little shorter by removing
4 paragraphs thanking individuals that were already thanked on the album:

5 Good Morning Adria,

6 I read your forward and it's much better, thank you. I think it's
7 still too long, however, and – as you know, I honestly don't
8 think any forwards are necessary but I'm willing to
 compromise with the following changes...

9 Removal of the paragraph that starts with this was assembled...
10 already in Buds intro—

11 The paragraph about Larry and Ryan isn't needed— already
12 credited in box.

13 Mary Klauzer, already thanked and credited.

14 The Dana Petty paragraph, doesn't need to be in, everyone
15 already thanked and/or credited...

16 Take last paragraph out, thank you's, etc. already thanked.

17 Then, it will be shorter and look great in the box, precise, perfect.

18 Xo

19 D

20 Adria did not agree with Petitioner's edits, and not only refused to make them, but
21 threatened to sabotage the entire project:

22 Dana,

23 After all this I honestly don't understand why you care? I want
24 it the way that it is. And I am sorry we are not aligned on that.

25 I recognize you are not used to working but this needs to go to
26 Jeri now. Finished. We are out of time. You have seen Robin's
 email.

27 You can write whatever you like in your forward. And since
28 you edited Buds liner notes to reflect a major contribution you

1 supposedly made with your invaluable knowledge to this box -
2 one that he did not write about, I think this is fair enough.

3 We can not run a business by showing up late to important
4 meetings and acting vindictively towards each other over
5 minutiae. I have made no comments on your contributions.

6 I hope that your suggested edits not being executed does not
7 become an issue for us. Let me know if we need to reach out to
8 laurie and adam.

9 I am personally deeply disappointed this discussion was not
10 had between us weeks ago when you received this. And we
11 could have sat down and worked on it. In this late hour i would
12 prefer to call the lawyers than continue a silly conversation
13 where you arbitrarily edit my words. Because what else are you
14 going to be obnoxious about in future deadlines?

15 **You are not the owner of this company. Not even 50%. You**
16 **are a trustee abusing your power over a 16% interest in**
17 **gone gator and a 30% interest.**

18 **So we can fight it out and not put out a box set or get over**
19 **ourselves please.**

20 Thanks,

21 Adria

22 (emphasis added). Petitioner responded,

23 Adria,

24 If you don't wish to compromise, let's just take them out all
25 together—mine and yours. As you know, I've never wanted
26 our forwards in the package. The credits and liner notes are
27 more than sufficient and I know everyone else feels the same
28 way, except you. If you'd like me to call Robin about this, I am
more than happy to.

Peace, Dana

Adria replied,

Also for the record I am embarrassed for you that so many
“people” were consulted on this in lieu of an actual person to
person discussion.

1 What they say doesn't mean shit if the two of us aren't seeking
2 their counsel together?

3 What are they going to say to you anyway? No?

4 I spoke to Robin yesterday and frankly I think he is so frightened
5 by how disorganized the businesses you are supposedly in
6 charge of are that he would do anything to lock the assets.

7 He likes my forward but he isn't going to argue with you about
8 it?

9 Nothing Tony has agreed to get done gets done and you are a
10 wildcard?

11 Will you show up or not? Do you like adria today or not?

12 I am consistent. I have not missed a meeting or a deadline. I have
13 brought revenue and opportunities into the estate.

14 I have created a campaign and charity with you that shows a
15 personal loving and beautiful view of dad and it indicates a
16 family is here that loves him and will take care of his legacy.

17 I have not attacked you with my lawyers other than with gentle
18 reason to keep things on track

19 I have done secretarial work for our company and research when
20 people don't show up instead of complaining.

21 I have not limited your contributions creatively in any way. I
22 have never in this entire time refused to speak to you. And you
23 have done horrible things to me and my daughter. Like cutting
24 off our money last Christmas.

25 I strongly believe both of our forwards offer a unique personal
26 touch to this that is warm and wonderful. And make this a
27 negative instead of a positive is a crazy road to walk down.

28 I worked on this a long time on this and I have a vision for it that
I stand by.

I have no desire to write anything in a future release but in this
one there will be an intro from me.

Sorry.

1 Adria

2 Given this impasse, Petitioner wrote to a WB executive on July 6, 2018, that “[a]fter
3 careful consideration, as well as numerous attempts to compromise on our forwards – to no
4 avail, I have to go with my original decision that no forwards will be on this box set. I
5 appreciate your ongoing patience and amazing contribution to this project.” Adria
6 responded:

7 Dana has not allowed me to deliver my forward due to her
8 wanting to rewrite it entirely. This delay has been caused by her
9 alone.

10 **Dana has no legal write [sic] to release any package that is**
11 **not mutually agreed upon and therefore it seems despite**
12 **telling me twice we were good – we are not free to release**
13 **this artwork.**

14 **We will need to await a legal determination.**

15 (Emphasis added).⁵ Finally, Petitioner relented to Adria’s demands on the forwards
16 because otherwise both projects were dead.

17 f. Tom Petty Park. Unfortunately, Adria is unwilling to compromise on
18 business decisions, and when she does not get her way, she lashes out in hurtful and
19 damaging ways. Tom’s hometown, Gainesville, Florida, honored Tom by renaming a park
20 “Tom Petty Park.” The Gainesville City Council asked Tom’s family to design a sign for
21 the park. Adria initially planned to work with Tom’s art director on the design, but, after
22 that art director said she did not have time for the project—though, in truth, she adamantly
23 refused to work with Adria—Adria asked Mr. Jenkins to handle it. Mr. Jenkins found
24 what he thought was a suitable picture of Tom to use for the sign—a well-known image of
25 Tom from the cover of one of his albums—and sought approval from Petitioner, Adria,

26 ⁵ With this email, Adria was exercising her authority as the Conservator of the Estate of
27 Jane, Adria’s mother, who has a 50% interest in copyrights created during Tom and Jane’s
28 marriage. Last year, Jane obtained a court order terminating the conservatorship and
Adria’s authority to make any decisions for her. Because Adria at the time had the right
over Jane’s interest, Adria could effectively block the project.

1 Jane, and Bruce Petty (Tom's brother). All approved. Mr. Jenkins then had the picture
2 illustrated, and circulated it to Tom's family and management team. Petitioner, Jane, and
3 Bruce Petty all not only approved it, but expressed their enthusiasm for a job well done.
4 Adria did not, and gave Mr. Jenkins a list of comments. After welcoming and addressing
5 her comments, Mr. Jenkins submitted the final artwork to the Gainesville City Council,
6 just shy of a month after Adria tasked Mr. Jenkins with the project. Notwithstanding that
7 Mr. Jenkins had addressed all of Adria's comments, and that all other family members
8 approved of the sign, Adria was still dissatisfied, and emailed Mr. Jenkins, Petitioner,
9 Annakim, and Ms. Leonard (Adria's business manager) on September 27, 2018, the
10 following message:

11 Larry,

12 This is the most HORRIBLE art work I have ever seen on my
13 dad. Fan art or otherwise. And it took money and time that
14 belongs to me and Annakim as well to create it. And that is our
15 name?

16 We have spent over a million dollars this year probably for the
17 right to consult on our assets and as a result American Treasure
18 is gorgeous. Now the Dana and Larry show is producing work
19 like this and i am beyond unhappy.

20 IT IS ABOUT MY DAD. WHAT IS THE BEST THING FOR
21 DAD>>????????

22 Look at my beautiful dad's face? He looks like he was dipped in
23 acid? And this part work looks like a korean crime scene re-
24 inaction video.

25 You ALL dishonor my father by allowing this artwork to come
26 from his estate to an excited Gainesville. This was and is
27 important.

28 You are placing THIS 40 feet high in his home town this month?

 And DANA ! WHY? What happened? Quality control and
 imaging like this is so important. This was our first chance at a
 monument. I am very disappointed you have cut me out of
 creative directing and spent a lot of money to make THIS?

1 I can not believe this. It is NOT TO BE BELIEVED.

2 adria

3 Adria did not stop there. She followed up with the following text message to Mr. Jenkins:

4 This sign needs to be fixed. Or i will send it to everyone who has
5 ever been friends with my dad and let them know you
6 meaningfully and willfully cut me out of my dad's legacy so
7 you could make your own awesome artwork. and place it 40ft
8 high in his home town.

9 This is an embarrassment to the highest level. My feelings have
10 not changed for months. **Because of course a simple design
11 took you months?** Because....you are not a creative??? **Your
12 name is not Petty and you dont have the backbone to protect
13 the estate from a horrible image like this one. Shame on you.**

14 Mr. Jenkins did not respond.

15 g. There are numerous other examples of Adria's false and defamatory
16 accusations on many subjects against Petitioner, Mr. Dimitriades (whose attorney felt
17 compelled to have to threaten Adria with a defamation lawsuit if she did not cease and
18 desist), Mr. Gudvi, Mr. Mitchell, and now even Mr. Jenkins. For instance, Adria told
19 record executives who are critical to the business going forward that Petitioner starved
20 Tom and worse. Adria sullied Mr. Gudvi's and Mr. Dimitriades's reputations by telling
21 numerous individuals that they were stealing money from Tom. Given this vile and
22 repeated slander, there is simply no feasible way to conduct the business other than the
23 manner in which Petitioner proposes to exercise her authority in forming the LLC.

24 43. As mentioned above, although Petitioner has the authority to establish the
25 LLC and to execute an operating agreement as trustee, Petitioner has made every attempt
26 to work cooperatively with Adria and her various attorneys over the past year (including,
27 Andrew Wallet (who no longer represents Adria), Geraldine Wyle and Jeryl Cohen
28 (neither of whom represent Adria any longer), and Mr. Watenmaker), to reach agreement
on forming the LLC that would be acceptable to all concerned. The following is a timeline
that demonstrates the extensive efforts Petitioner has exerted to find compromise with

1 Adria, but to no avail. It begins with Petitioner's efforts shortly after Tom died to appease
2 Adria's demand to make her an agent of the Trust to conduct business relating to the
3 Artistic Property and continues to the present:

- 4 • October 31, 2017: Adria's attorney, Andrew Wallet, emailed Mr. Mitchell,
5 demanding that Petitioner resign as trustee of the Trust. This email was sent less
6 than one month after Tom's sudden, accidental and traumatic death. Attached
7 hereto as **EXHIBIT 4** is a true and correct copy.
- 8 • November 6, 2017: Adria retained two new attorneys: Geraldine Wyle and Jeryll
9 Cohen of Freeman & Smiley LLP. Petitioner's attorneys, Mr. Mitchell and Adam
10 Streisand, met with Ms. Wyle, Ms. Cohen, and another lawyer representing Adria,
11 Jason Karlov of Barnes & Thornburg LLP. During the meeting, counsel
12 discussed accommodating Adria's demand that that she be given a formal role as
13 agent for the Trust to conduct business with respect to the Artistic Property.
- 14 • November 13, 2017. Mr. Streisand met again with Ms. Wyle, Ms. Cohen, and
15 Mr. Karlov to discuss details of the agency relationship.
- 16 • December 11, 2017: Mr. Mitchell sent Adria's attorneys a draft of documents that
17 would have appointed Adria as an agent of the Trust for the purposes described
18 above. A true and correct copy of the email is attached hereto as **EXHIBIT 5**.
- 19 • December 14, 2017: After three days without a response, Mr. Mitchell emailed
20 Adria's counsel a second time to inquire how their review of the documents was
21 going, and asking when they would respond with no comments. A true and
22 correct copy of the email is attached hereto as **EXHIBIT 6**.
- 23 • December 15, 2017: Mr. Mitchell emailed Adria's counsel a third time, asking if
24 they had seen his prior email asking for an update on their review of the
25 documents. A true and correct copy of the email is attached hereto as **EXHIBIT**
26 **7**.
- 27 • December 17, 2017: Since Adria's counsel still had not responded, Mr. Mitchell
28 sent them a third email about the agency documents. (Ex. 7). Finally, Ms. Cohen

1 responded to Mr. Mitchell, questioning how the formation of the Artistic Entity
2 LLC “fits in with the proposed agreement.” (*Ibid.*) After some discussion of this
3 question, Mr. Mitchell informed Ms. Cohen that he did not want anything to hold
4 up the agency agreements, and that “[i]n concept, you and I can start discussing
5 the LLC the day after the settlement documents are signed.” (*Ibid.*). Ms. Cohen
6 did not respond.

- 7 • January 24, 2018: Petitioner’s counsel heard nothing from Ms. Cohen or Ms.
8 Wyle until Ms. Cohen emailed Petitioner’s attorneys to inform them that Ms.
9 Cohen and Ms. Wyle no longer represented Adria. A true and correct copy of the
10 email is attached hereto as **EXHIBIT 8**.
- 11 • After expending substantial time and Trust funds on the negotiation and drafting
12 of documents Adria had insisted upon, nothing further was heard about the agency
13 agreement. Notwithstanding, Adria continued to hold herself out falsely as
14 though she was the sole person with authority to transact business with respect to
15 the Artistic Property. Petitioner wanted to keep the peace so, rather than taking
16 action against Adria, Petitioner repeatedly requested that Adria simply keep
17 Petitioner fully informed and involved. Adria would agree but rarely did, making
18 the tautological excuse that Adria could not keep Petitioner informed because
19 Petitioner allegedly did not respond quickly enough to Adria’s demands.
- 20 • February 20, 2018: Mr. Mitchell circulated a draft of the Operating Agreement to
21 Geri Leonard, Adria’s business manager, for comments. A true and correct copy
22 of the email is attached hereto as **EXHIBIT 9**.
- 23 • February 24, 2018: Mr. Mitchell followed up with Ms. Leonard to see if she or
24 Adria had comments to the Operating Agreement. Ms. Leonard informed Mr.
25 Mitchell that she and Adria were having a conversation with Adria’s newest
26 attorney, Mr. Watenmaker, on February 26, 2018, about the Operating
27 Agreement. A true and correct copy of the email is attached hereto as **EXHIBIT**
28 **10**.

- 1 • February 28, 2018: Mr. Watenmaker sent a letter to Mr. Mitchell outlining his
2 comments to the draft operating agreement. A true and correct copy of that letter
3 is attached hereto as **EXHIBIT 11**.
- 4 • March 9, 2018: Mr. Mitchell circulated the first revised draft of the Operating
5 Agreement to Mr. Watenmaker, which incorporated some of Mr. Watenmaker's
6 preliminary comments. Attached hereto as **EXHIBIT 12** is a true and correct
7 copy.
- 8 • March 16, 2018: After a week passed with no response from Mr. Watenmaker,
9 Mr. Mitchell emailed Mr. Watenmaker on March 16, 2018, and asked if he had
10 any comments on the first revised Operating Agreement. (Ex. 12).
- 11 • March 26, 2018: Petitioner, Adria, Ms. Leonard, Mr. Watenmaker, Mr. Mitchell,
12 Mr. Streisand, Mr. Gudvi, and Mr. Dimitriades met in an effort to discuss how the
13 LLC could be structured to ensure that it operated effectively and that all parties
14 could work cooperatively together. At the meeting, everyone agreed to a weekly
15 conference call among Petitioner, Adria, Mr. Gudvi, and Mr. Dimitriades in order
16 to facilitate effective and collaborative communication on matters involving the
17 Artistic Property. However, after a short period, Adria abruptly announced that
18 she would not participate in any call with Mr. Dimitriades, and refused to
19 participate in the weekly call thereafter.
- 20 • April 10, 2018: Mr. Mitchell circulated a second revised draft of the Operating
21 Agreement on April 10, 2018 to Mr. Watenmaker. Attached hereto as
22 **EXHIBIT 13** is a true and correct copy of that correspondence.
- 23 • April 20, 2018: Mr. Mitchell, Mr. Streisand, and Mr. Watenmaker met to discuss
24 the second revised draft of Operating Agreement.
- 25 • April 24, 2018: Mr. Mitchell circulated the third revised draft of Operating
26 Agreement to Mr. Watenmaker. Attached hereto as **EXHIBIT 14** is a true and
27 correct copy of that correspondence. Mr. Watenmaker responded that same day,
28 stating that he had not reviewed the revised version Mr. Mitchell had just

1 circulated, but noted additional issues with the prior draft identified after a call
2 with Adria. A true and correct copy of Mr. Watenmaker's response is attached
3 hereto as **EXHIBIT 15**.

- 4 • May 16, 2018: Mr. Mitchell circulated a draft Intellectual Property Name And
5 Likeness Valuation (the "**Valuation Report**") to Mr. Watenmaker. A true and
6 correct copy of that correspondence is attached hereto as **EXHIBIT 16**. Mr.
7 Watenmaker immediately responded to Mr. Mitchell, thanking him for the
8 Valuation Report, and stating, "I was planning to give you a call tomorrow to
9 discuss how we can finalize the LLC Operating Agreement without further delay.
10 I want to pass along some thoughts provided by Adria...." Attached hereto as
11 **EXHIBIT 17** is a true and correct copy of that correspondence. Mr. Mitchell
12 responded, "Alan, I have a draft Operating AG out to my client for review which
13 addresses all the open items that we discussed at our last meeting. Do you want to
14 wait for that or speak first?" A true and correct copy of Mr. Mitchell's response is
15 attached hereto as **EXHIBIT 18**.
- 16 • May 21, 2018: Mr. Watenmaker and Mr. Mitchell had a conference call regarding
17 Mr. Watenmaker's comments to the third revised draft of Operating Agreement.
- 18 • May 29, 2018: Mr. Mitchell circulated the fourth revised draft of the Operating
19 Agreement to Mr. Watenmaker. A true and correct copy of Mr. Mitchell's email
20 is attached hereto as **EXHIBIT 19**. Mr. Watenmaker responded the same day
21 thanking Mr. Mitchell, and agreeing to "review it with Adria and get back
22 ASAP." (*Ibid.*).
- 23 • June 5, 2018: Mr. Watenmaker sent a letter to Petitioner's counsel with further
24 revisions to the fourth revised draft of the Operating Agreement. A true and
25 correct copy of Mr. Watenmaker's letter is attached hereto as **EXHIBIT 20**.
- 26 • June 8, 2018: Mr. Watenmaker and Petitioner's counsel had a conference call to
27 discuss Mr. Watenmaker's revisions to the fourth revised draft of Operating
28 Agreement. All counsel agreed with Mr. Streisand's recommendation to enlist the

1 assistance of Mr. Altschul. Mr. Altschul would have the background and
2 experience with Tom and the Artistic Property to identify the types of business
3 decisions that would need to be made and to make recommendations about which
4 decisions could be made by majority or unanimous consent. Both Adria and
5 Petitioner have great respect for Mr. Altschul.

- 6 • June 15, 2018: Mr. Watenmaker and Petitioner's counsel had a conference call
7 with Mr. Altschul and requested his assistance as outlined above.
- 8 • June 18, 2018: Mr. Altschul sent Mr. Watenmaker and Petitioner's counsel his
9 recommendation for a management structure of the "new Tom Petty LLC." Mr.
10 Altschul recommended a three-tier structure, in which one class of decisions
11 requires unanimity among Adria, Annakim, and Petitioner, a second class of
12 decisions requires a modified majority (which requires Petitioner's and Adria's
13 approval, but not Annakim's), and a third class of decisions required a simple
14 majority of the three individuals. Attached hereto as **EXHIBIT 21** is a true and
15 correct copy of Mr. Altschul's correspondence.
- 16 • June 22, 2018: Mr. Mitchell emailed Mr. Watenmaker stating that Petitioner "has
17 some tweak's [sic] to David's proposal, but it is substantially acceptable." Mr.
18 Mitchell inquired whether Mr. Altschul's proposal is acceptable to Adria and Mr.
19 Watenmaker. Mr. Watenmaker replied, stating that he was having a scheduled
20 conference call with Adria that afternoon to discuss Mr. Altschul's proposal.
21 Attached hereto as **EXHIBIT 22** is a true and correct copy of that
22 correspondence.
- 23 • June 26, 2018: Mr. Streisand emailed Mr. Watenmaker asking when Petitioner's
24 counsel could expect to hear Mr. Watenmaker's and Adria's comments on Mr.
25 Altschul's proposal. Mr. Watenmaker replied that he was "[s]till going through
26 analysis with Adria[.]" and "[a]nticipate response sometime tomorrow." Attached
27 hereto as **EXHIBIT 23** is a true and correct copy of this correspondence.

- 1 • June 27, 2018: Mr. Watenmaker emailed Petitioner’s counsel, explaining that he
2 had not had time to speak to Adria, but would likely get comments back by
3 June 29, 2018. A true and correct copy of that correspondence is attached hereto
4 as **EXHIBIT 24**.
- 5 • August 16, 2018: Mr. Watenmaker sent a letter to Petitioner’s counsel
6 acknowledging that Petitioner and Adria have been having disagreements over the
7 management of the business, and suggesting “one more attempt to reach
8 agreement concerning (i) the finalization of the Operating Agreement, describing
9 how the musical businesses are to be managed by the LLC, and (ii) the immediate
10 funding the LLC [sic] with the musical businesses currently owned by the Trust,
11 without any further delay.” Mr. Watenmaker proposed the following: “We
12 believe that a business structure should be developed for the LLC which will
13 minimize the likelihood of future disputes among the three managers. As such,
14 we propose that the managers of the LLC formally engage a Professional Manager
15 to run the day-to-day operations. The Professional Manager would also be
16 expected to propose new business opportunities, as well as analyze and
17 recommend projects which are presented to the LLC by others, and plan for the
18 long-term future of the LLC.” Attached hereto as **EXHIBIT 25** is a true and
19 correct copy of Mr. Watenmaker’s letter.
- 20 • August 20, 2018: Mr. Streisand and Mr. Watenmaker had a conference call in
21 which Mr. Watenmaker informed Mr. Streisand that Mr. Watenmaker and Adria
22 had determined that the only possible solution given the problems the parties had
23 had managing the business to date is that (i) the LLC should be manager-
24 managed, not member-managed, and (ii) Adria believed Mr. Jenkins should be the
25 manager. Mr. Streisand stated Petitioner would certainly agree and he would ask
26 Mr. Mitchell to redraft the Operating Agreement to that effect.
- 27 • August 24, 2018: Mr. Streisand emailed Mr. Watenmaker, apologizing for not
28 getting back to Mr. Watenmaker, reassuring Mr. Watenmaker that Mr. Mitchell is

1 working on the Operating Agreement, and telling Mr. Watenmaker to enjoy his
2 vacation. A true and correct copy of that correspondence is attached hereto as
3 **EXHIBIT 26.**

- 4 • August 31, 2018: Mr. Mitchell sent the sixth revised draft of the Operating
5 Agreement to Mr. Watenmaker for comment. A true and correct copy of that
6 correspondence is attached hereto as **EXHIBIT 27.** Mr. Watenmaker never
7 responded.
- 8 • December 13, 2018: Petitioner and Mr. Streisand, along with a few others, met
9 with Adria's latest nominee for manager of the Artistic Property Entity.
- 10 • January 28, 2019: Mr. Watenmaker sent a letter to Mr. Mitchell asking for an in-
11 person meeting with Petitioner, Adria, and Annakim to discuss, *inter alia*, the
12 status of hiring a professional manager to manage the Artistic Property, and the
13 finalizing of an operating agreement for the Artistic Property Entity. A true and
14 correct copy of that correspondence is attached hereto as **EXHIBIT 28.**
- 15 • January 29, 2019: In response to Mr. Watenmaker's letter, Mr. Mitchell emailed
16 Mr. Watenmaker and Mr. Gershuni (Annakim's newly-retained lawyer) that they
17 would be receiving a detailed proposal for the structure of the Artistic Property
18 Entity shortly, as well as a proposed agreement to engage Adria's latest nominee
19 for professional manager of the Artistic Property Entity. A true and correct copy
20 of that correspondence is attached hereto as **EXHIBIT 29.**
- 21 • January 30, 2019: Mr. Watenmaker responded to Mr. Mitchell's email, again
22 suggesting a meeting. (Ex. 29) Ironically, despite the fact that it was Mr.
23 Watenmaker who had never responded to Mr. Mitchell's last draft of the
24 Operating Agreement in August of 2018, and thus abandoned the negotiations,
25 Mr. Watenmaker commented that he trusted that Mr. Mitchell's "detailed
26 proposal" for the structure of the Artistic Property Entity would be sent "within
27 the next several days, given the substantial amount of time which has elapsed
28

1 since we reached a roadblock in our negotiations over the Operating Agreement.”
2 (*Ibid*).

- 3 • January 30, 2019: Mr. Streisand circulated a proposed engagement agreement to
4 Adria’s latest nominee for manager of the Artistic Property. The agreement was
5 contingent upon Petitioner, Adria, and Annakim’s agreement on an operating
6 agreement.
- 7 • February 4, 2019: Mr. Watenmaker emailed Mr. Streisand and Mr. Gershuni,
8 renewing his request for an in-person meeting to discuss the funding and
9 organization of the Artistic Property Entity. Mr. Streisand responded with a
10 proposed date and time, which Mr. Watenmaker confirmed. A true and correct
11 copy of the correspondence is attached hereto as **EXHIBIT 30**.
- 12 • February 4, 2019: Mr. Altschul had a call with Adria’s proposed manager, who
13 verbally provided revisions to Mr. Streisand’s proposal for his engagement.
- 14 • February 6, 2019: Mr. Streisand circulated a proposal for the operating agreement
15 to Mr. Gershuni, Mr. Watenmaker, and others, which was contingent upon
16 reaching an agreement with Adria’s proposed manager. The proposal expanded
17 on the concept suggested by Mr. Watenmaker that the LLC would have
18 professional management, and the concept the parties had agreed to adopt, which
19 was to define specific decisions which would require unanimous agreement,
20 others that could be by majority, but added a new category of decisions that
21 would, in the event unanimity could not be achieved, allow the professional
22 manager to decide.
- 23 • February 13, 2019: Mr. Streisand, Mr. Watenmaker, Mr. Gershuni, and Mr.
24 Altschul met to discuss the engagement of Adria’s preferred professional
25 manager, and the structure of the Artistic Property Entity. Mr. Gershuni agreed to
26 provide comments to the detailed proposal and its decision tree. Mr. Streisand
27 anticipated “tweaks”—that is to say, that certain decisions might move to other
28

categories, but not a wholesale abandonment of the approach the parties had been focusing on for all the time prior to Mr. Gershuni's involvement.

- February 15, 2019: Mr. Watenmaker emailed Mr. Streisand, Mr. Altschul, and Mr. Gershuni a recap of the meeting, and stated that Mr. Gershuni would be providing revised terms for the operation of the LLC. A true and correct copy of that correspondence is attached hereto as **EXHIBIT 31**.
- February 16, 2019: Mr. Streisand responded to Mr. Watenmaker's email, thanking him, and stating, "please be mindful of the fact that we've been sending proposals and draft operating agreements to you for a very long time now, and there is radio silence for months, and then a new direction that Adria wants to pursue, and so on and so forth. So we are just as eager as you to get this accomplished in a way that creates a workable structure for them to manage this business with Adria's new choice of manager. We look forward to your comments to our latest proposal." A true and correct copy of that correspondence is attached hereto as **EXHIBIT 32**.
- March 2, 2019: Mr. Streisand emailed Mr. Watenmaker, Mr. Altschul, and Mr. Gershuni stating that, although he was hoping to have Mr. Gershuni's comments to Mr. Streisand's February 6, 2019, proposal before he and Mr. Altschul left for their respective vacations during the third week of February, Mr. Streisand was nevertheless hopeful that he would see Mr. Gershuni's comments soon. Mr. Gershuni responded that he had been working on his revisions to the proposed management structure and expected to have "something out straightaway." A true and correct copy of that correspondence is attached hereto as **EXHIBIT 33**.
- March 6, 2019: Mr. Gershuni circulated his proposed revisions to the Operating Agreement. A true and correct copy of Mr. Gershuni's email is attached hereto as **EXHIBIT 34**. Mr. Gershuni's proposal not only contained major revisions that would take the discussions back to square one but also, despite Mr. Streisand's best efforts to explain to him the dynamics and the need for a structure that would

1 reduce the potential for disputes, outlined a plan that would ensure that Petitioner
2 would never have “equal participation” in management because she will be
3 disenfranchised by Tom’s daughters. Indeed, that is exactly what has been
4 happening as explained above and below.

5 44. As evident from this chronology, Petitioner has gone to significant lengths to
6 include Adria in the negotiation and execution of the Operating Agreement. Each time
7 that Petitioner has attempted to accommodate Adria, weeks or months would go by
8 without any response. Even when Petitioner accepted Adria’s suggestion that the LLC
9 have professional management, and that Mr. Jenkins should be that Manager, Adria’s
10 response was no response. When Adria finally reemerged, this time with a new demand
11 for a different manager, Petitioner again agreed to consider Adria’s newest choice by
12 giving him a trial run and attempted to continue moving toward a structure for the LLC
13 that would ensure that each of the three members would be able to participate equally in
14 management, and to ensure that the structure of the LLC would, as best possible, reduce or
15 eliminate disputes, as Mr. Watenmaker recommended, with a professional manager
16 empowered to act. However, that trial period demonstrated that Adria’s newest nominee
17 would not ensure that Adria, Annakim, and Petitioner had equal voices in the management
18 of the Artistic Property, as the Trust requires, and instead permitted Adria to run the show
19 with Annakim’s assistance.

20 45. Specifically, after Petitioner agreed to allow Adria, Annakim and their new
21 choice for manager to provide input to Universal in relation to the release of the “Greatest
22 Hits” album, Adria and Annakim insisted on changing virtually every aspect that Petitioner
23 and Mr. Jenkins, together with Universal, had agreed upon without even consulting
24 Petitioner. It is clear, therefore, that Adria simply intends to marginalize Petitioner to the
25 point of complete exclusion, which will leave Petitioner no other option but to litigate to
26 protect her ownership interest in the LLC and her right to participate equally in
27 management.
28

1 46. Given the foregoing, Petitioner sees no business justification for starting all
2 over again with a new manager, particularly given that Adria's and Mr. Dimitriades's
3 selection of Mr. Jenkins has proven very successful. Mr. Jenkins has served admirably and
4 has proven that he has the right expertise and experience for the job. Moreover, Petitioner
5 fears that further negotiation over an operating agreement is likely to be unavailing, and
6 will only result in further delay of the Trust's administration.

7 47. **Mr. Jenkins has the knowledge, experience, and expertise to optimize**
8 **the management of the LLC.** Mr. Jenkins is a 35-year veteran of the music industry with
9 a reputation for conceiving and executing innovative techniques for marketing and
10 promoting artists and their projects. Mr. Jenkins founded his own entertainment consulting
11 company—LJ Entertainment—in 2004. Since that time, Mr. Jenkins has successfully
12 managed and provided consulting services to an array of artists and to top industry entities
13 and professionals under the LJ Entertainment banner, adding high level music, film and
14 television production involvement to his list of accomplishments.

15 48. Prior to LJ Entertainment, Mr. Jenkins held senior management positions at
16 Sony Music's Columbia Records for more than a decade, skillfully overseeing as many as
17 100 projects per year, responsibly managing multi-million dollar budgets, and leading a
18 diverse staff of 40 people. Prior to joining Columbia Records in 1993, Jenkins served as a
19 Vice President at Capitol Records.

20 49. Mr. Jenkins is particularly suited to manage the LLC given his substantial
21 experience in engineering and executing countless campaigns for some of the world's most
22 popular and important artists, many in the upper echelon of the "heritage" category that
23 includes Tom.

24 50. Mr. Jenkins also has the ideal demeanor to act as Manager of the LLC. He is
25 collaborative, responsive, and prides himself on achieving consensus and brokering
26 compromise, even in complex and fraught situations. There is no question that, under Mr.
27 Jenkins's stewardship, the LLC would thrive.

28

1 51. **Mr. Jenkins Has Successfully Managed the Artistic Property For A**
2 **Year.** Tom spent decades building the team of people who understood Tom’s vision and
3 philosophy, and made Tom and the Heartbreakers, and all that goes into the creation and
4 marketing of their music, function effortlessly. Mr. Jenkins has seamlessly integrated
5 himself into that team, and has worked productively and efficiently with Tom’s team,
6 including the members of the Heartbreakers.

7 52. Specifically, in the time since Mr. Jenkins was unilaterally hired by Adria (a
8 decision that initially upset Petitioner, but which she has come to appreciate in light of Mr.
9 Jenkins’s leadership and success), Mr. Jenkins helped conceive of, negotiate, and execute
10 two ambitious projects: the Box Set and Greatest Hits. The Box Set has been hugely
11 successful: nearly tripling industry projections for sales. It was so successful, in fact, that
12 the release of the Greatest Hits was delayed— at the request of Universal—from its
13 November 2018 release date to February 2019 so that it did not have to compete with the
14 Box Set during the holiday period.

15 53. The success of the Box Set has already made more profitable endeavors
16 possible, and importantly, endeavors Tom would have supported. Moreover, licensing
17 income, mechanical income (publishing income from physical and digital sales and
18 streaming), and merchandise income have increased significantly during Mr. Jenkins’s
19 tenure, and did so at a much higher rate than the expected increase after a famous artist
20 dies. In light of Mr. Jenkins’s demonstrated success, and strong working relationships
21 with Tom’s team and Petitioner, it is simply not prudent or reasonable to start over with a
22 new manager.

23 54. **Notice.** The following are the names, ages, and addresses of the persons
24 entitled to notice of hearing on this Petition.

Name/Address	Age	Relationship
Adria Petty	Adult	Beneficiary
Annakim Violette	Adult	Beneficiary

Dylan Epperson	Adult	Beneficiary
Everly Petty	Minor	Beneficiary
Nancy Costick	Adult	Contingent Beneficiary

WHEREFORE, Petitioner prays for an order as follows:

- a. Instructing Petitioner to execute the Operating Agreement.
- b. Granting such other relief as this Court deems necessary and proper.

Dated: April 1, 2019

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By



ADAM F. STREISAND

Attorneys for Dana Petty, Successor Trustee

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VERIFICATION

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I have read the foregoing PETITION FOR AN ORDER INSTRUCTING TRUSTEE TO EXECUTE AMENDED LIMITED LIABILITY OPERATING AGREEMENT and know its contents.

I am a party to this action. The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on March 28, 2019, at Los Angeles, California.

Dana York Petty, Trustee of Third
Amended and Restated Thomas Earl
Petty Living Trust, as amended
Print Name of Signatory

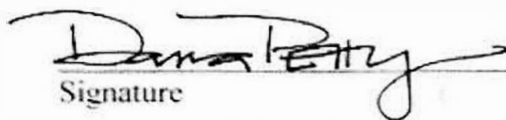

Signature

EXHIBIT 1

THE INTERESTS ACQUIRED PURSUANT TO THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS THEY HAVE BEEN REGISTERED UNDER SAID ACT OR UNLESS REGISTRATION UNDER SAID ACT IS NOT REQUIRED. THERE ARE SUBSTANTIAL RESTRICTIONS ON TRANSFER CONTAINED IN THIS AGREEMENT.

**AMENDED LIMITED LIABILITY
COMPANY OPERATING
AGREEMENT OF**

**AMENDED LIMITED LIABILITY COMPANY
OPERATING AGREEMENT OF**

THIS AMENDED LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF _____ (this "Agreement") is made and entered into as of _____, in Sherman Oaks, California, by and between the Manager and the persons, trusts and/or entities listed on Exhibit "A" (such persons, trusts and/or entities listed on Exhibit "A" shall be referred to collectively as the "Members" and individually as a "Member"), with reference to the following facts:

A. Form LLC-1 Articles of Organization for _____, a California limited liability company (the "LLC"), were filed with the Secretary of State of the state of California on _____.

B. The Members and the Manager desire to adopt and approve an amended operating agreement for the LLC under the California Revised Uniform Limited Liability Company Act.

C. The initial Member of the LLC will be the Thomas Earl Petty Administrative Trust, dated February 24, 1999 (the "Administrative Trust"). The beneficiaries of the Administrative Trust, who will be the eventual members of the LLC after the distributions and/or allocations from the Administrative Trust, are as follows:

1. One-third (1/3) of the total Membership Interest will be allocated to Dana York Petty, as Trustee of the Marital Trust created under the Thomas Earl Petty Living Trust, dated February 24, 1999.

2. Two-thirds (2/3) of the total Membership Interest will be allocated to the Issue's Trust created under the Thomas Earl Petty Living Trust, dated February 24, 1999, to be further distributed and/or allocated as follows:

a. One-third (1/3) of the total Membership Interest will be distributed, free of trust, to Adria Robin Petty ("Adria").

b. Two-ninths (2/9) of the total Membership Interest will be distributed, free of trust, to Annakim Violette ("Annakim").

c. One-ninth (1/9) of the total Membership Interest will be allocated to Gerri Leonard and Annakim Violette, as Co-Trustees of the Trust f/b/o Annakim Violette created under the Thomas Earl Petty Living Trust, dated February 24, 1999 ("Annakim's Trust"). The interests held by Annakim's Trust will be distributed, free of trust, to Annakim on or after January 17, 2022, subject to the terms of the Issue's Trust.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, the parties agree as follows:

1. DEFINITIONS. When used in this Agreement, the following terms shall have the meanings set forth below:

1.1 Act. "Act" means the California Revised Uniform Limited Liability Company Act, as the same may be amended from time to time, and any successor to such Act.

1.2 Affiliates. "Affiliates" of a Member means persons controlled by, controlling or under common control with such Member, or the family members of a Member. For these purposes, "control" shall mean a direct or indirect ownership interest of more than fifty percent (50%) in value of another entity.

1.3 Bankruptcy. "Bankruptcy" means:

(a) The commencement of any voluntary proceedings under federal or state bankruptcy laws;

(b) The failure to terminate any involuntary proceeding under federal or state bankruptcy laws within thirty (30) days after the commencement thereof;

(c) A general assignment for the benefit of creditors; or

(d) The issuance of a charging order against the interest of any person without the removal thereof within thirty (30) days after issuance.

1.4 Articles of Organization. "Articles of Organization" means the Articles of Organization filed with the California Secretary of State ("California Secretary") for the purpose of forming the LLC.

1.5 Book Value. "Book Value" means for any asset the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Book Value of any asset contributed by a Member to the LLC shall be the gross fair market value of such asset, as determined by the Partnership Representative.

(b) The Book Values of all LLC assets shall be adjusted to equal their respective gross fair market values, as determined by the Partnership Representative, as of the following times: (i) the acquisition of an additional interest in the LLC by any new or existing Member in exchange for more than a de minimis capital contribution if the Partnership Representative reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Members in the LLC; (ii) the distribution by the LLC to a Member of more than a de minimis amount of LLC property as consideration for an interest in the LLC if the Partnership Representative reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Members in the LLC;

and (iii) the liquidation of the LLC within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g).

(c) The Book Value of any LLC asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution, as determined by the Partnership Representative.

(d) The Book Values of LLC assets shall be increased (or decreased) to reflect any adjustment to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Book Values shall not be adjusted pursuant to this subparagraph to the extent the Partnership Representative determines that an adjustment pursuant to subparagraph (b) of this Paragraph is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph.

(e) If the Book Value of an asset has been determined or adjusted pursuant to subparagraphs (a), (b) or (d) of this Paragraph, such Book Value shall thereafter be adjusted by the Book Depreciation (hereafter defined) taken into account with respect to such asset for purposes of computing Profits and Losses. "Book Depreciation" for any asset means for any fiscal year or other period an amount that bears the same ratio to the Book Value of that asset at the beginning of such fiscal year or other period as the federal income tax depreciation, amortization or other cost recovery deduction allowable for that asset for such year or other period bears to the adjusted tax basis of that asset at the beginning of such year or other period. If the federal income tax depreciation, amortization or other cost recovery deduction allowable for any asset for such year or other period is zero, then Book Depreciation for that asset shall be determined with reference to such beginning Book Value using any reasonable method selected by the Partnership Representative.

1.6 Capital Account. "Capital Account" means an account established for each Member and determined in accordance with Section 1.704-1(b) of the Regulations. The Capital Accounts shall be adjusted in order to reflect allocations of depreciation, amortization, and gain and loss as computed for book purposes. Upon the Transfer of any Member's interest in the LLC, the Capital Account of the transferor Member shall carry over to the transferee Member.

1.7 Cash Reserves. "Cash Reserves" means such amounts as may be estimated by the Manager for payment of costs, expenses and liabilities incident to the business of the LLC and for which the cash to make such payments will not, in the sole discretion of the Manager, be expected to be available to the LLC at or about the time such payments are required to be made, and which therefore, in the reasonable opinion of the Manager, require that cash be set aside periodically to make such payments. In establishing Cash Reserves, the Manager shall be bound by his fiduciary duty to the Members.

1.8 Code. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.9 Contribution. "Contribution" means any money or property, or a promissory note or other binding obligation to contribute money or property, or to render services as permitted by law, which a Member contributes to the LLC as capital in that Member's capacity as a Member pursuant to this Agreement.

1.10 Distributable Cash. "Distributable Cash" shall mean for any period the total cash income from LLC operations during any given accounting period plus cash proceeds, if any, from the sale, refinancing, liquidation or other disposition of LLC property, that, in the sole and absolute discretion of the Manager, is available for distribution to the Members after provision has been made for all current expenses of the LLC, as well as any allowances for Cash Reserves.

1.11 Fiscal Year. "Fiscal Year" means the calendar year.

1.12 LLC. "LLC" shall mean _____, a California limited liability company.

1.13 LLC Minimum Gain. "LLC Minimum Gain" means "partnership minimum gain," as defined in the Regulations promulgated under Section 704(b) of the Code.

1.14 Majority In Interest of the Members. "Majority In Interest of the Members" shall mean those Members owning more than fifty percent (50%) of the Participation Percentages of all Members.

1.15 Manager. "Manager" shall mean Lawrence Neil Jenkins. In the event the Manager is unavailable to serve as the Manager for any reason, the Members may select a successor Manager by unanimous written consent. The Manager may be, but shall not be required to be, a Member. The Manager shall have the authority to execute all documents on behalf of the LLC.

1.16 Member. "Member" means any person or entity admitted to the LLC as a member in accordance with this Agreement, or a person or entity who has been admitted as a member pursuant to applicable law. However, if any Member is a trust, any successor trustee of such Member shall assume all the rights and duties of such Member upon any change in trustee of said trust. The Members of the LLC and their respective Participation Percentages shall be reflected on Exhibit "A" attached hereto, as it may be amended from time to time.

1.17 Membership Interest. "Membership Interest" means the interest of a Member in the LLC.

1.18 Member Nonrecourse Deductions. "Member Nonrecourse Deductions" means the LLC deductions that are characterized as "partner nonrecourse deductions" pursuant to the Regulations promulgated under Section 704(b) of the Code.

1.19 Nonrecourse Deductions. "Nonrecourse Deductions" mean the LLC deductions that are characterized as "nonrecourse deductions" pursuant to the Regulations promulgated under Section 704(b) of the Code.

1.20 Participation Percentage. "Participation Percentage" of a Member shall mean that percentage set forth opposite such Member's name on Exhibit "A", as it may be amended from time to time.

1.21 Profits and Losses. "Profit" and "Loss" means, for each taxable year of the LLC (or other period for which Profit or Loss must be computed), the LLC's taxable income or loss determined in accordance with Code Section 703(a), with the following adjustments:

(a) All items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Code Section 703(a)(1) shall be included in computing taxable income or loss;

(b) Any tax-exempt income of the LLC, not otherwise taken into account in computing Profit or Loss, shall be included in computing taxable income or loss;

(c) Any expenditures of the LLC described in Code Section 705(a)(2)(B) (or treated as such pursuant to Regulation Section 1.704-1(b)(2)(iv)(1)) and not otherwise taken into account in computing Profit or Loss, shall be subtracted from taxable income or loss;

(d) In the event the Book Value of any LLC asset is adjusted pursuant to Paragraph 1.5(b), Paragraph 1.5(d) or Paragraph 1.5(e), the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Book Value of the asset) or an item of loss (if the adjustment decreases the Book Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(e) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Book Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Book Value;

(f) To the extent an adjustment to the adjusted tax basis of any LLC asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704(b)(2)(iv)(m)(4), to be taken into account in determining the Capital Account as a result of a distribution other than in liquidation of a Membership Interest in the LLC, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(g) Any items which are specially allocated pursuant to Paragraphs 7.2, 7.3, 7.6 and 7.7 hereof shall not be taken into account in computing Profits or Losses.

1.22 Property. "Property" means the assets of the LLC. Specifically, the Property shall initially consist of all assets owned by the Administrative Trust that are defined therein as Artistic Property.

1.23 Regulations. "Regulations" means the Income Tax Regulations promulgated under the Code, including Temporary and Proposed Regulations, as such Regulations may be amended from time to time, including corresponding provisions of succeeding Regulations.

1.24 Sole and Absolute Discretion of the Manager. "Sole and absolute discretion" with respect to any exercise of authority by the Manager means an exercise of such authority by the Manager, which authority shall be unlimited; except however, that the Manager shall be bound by his fiduciary duty to all of the Members.

1.25 Transfer. "Transfer" means any encumbrance, gift, assignment, pledge, hypothecation, sale or other transfer of all or any portion of a Membership Interest.

2. FORMATION OF LIMITED LIABILITY COMPANY AND ADMISSION OF MEMBERS. The LLC was formed by the Manager and the Members pursuant to the provisions of the Act.

3. NAME AND PLACE OF BUSINESS.

3.1 Name. The name of the LLC shall be _____.

3.2 Principal Place of Business. The principal office of the LLC shall be 15260 Ventura Blvd., Suite 2100, Sherman Oaks, California 91403, unless changed by the Manager.

4. PURPOSE. The purpose of the LLC is to acquire, hold, improve, maintain, lease, finance and dispose of the Property or any other investment as determined by the Manager and to engage in any and all general business activities related or incidental thereto permitted under the Act, including but not limited to the collective operation, investment and management of assets; provide flexibility and continuity in business and/or financial planning; simplify and promote the Members' knowledge and communication concerning the assets; restrict the right of certain non-Members from acquiring interests in the assets, including but not limited to possible creditors of a Member; increase wealth; provide for an orderly, unproblematic and inexpensive disposition in the event of disputes; establish a uniform means for making Transfers of Membership Interests; facilitate Transfers that are gifts; avoid fractionalization; and assure continuity and standardization of management in the future; provided that the LLC shall not conduct any banking, insurance or trust company business. The LLC may engage in any other lawful business as the Members or Manager so decide.

5. TERM OF LLC; RECORDINGS; AGENT FOR SERVICE OF PROCESS.

5.1 Term. The LLC shall commence as of the date of the execution of the Agreement and shall continue until terminated as herein provided or by operation of law.

5.2 Qualification. The LLC shall file any documents with any other appropriate governmental agencies as may be required by applicable law. The LLC shall qualify to do business in any other jurisdiction as may be required under the laws of such jurisdiction.

5.3 Agent for Service of Process. The name and address of the initial agent for service of process of the LLC in the state of California, as designated on the Articles of Organization is Bernard H. Gudvi, 15260 Ventura Blvd., Suite 2100, Sherman Oaks, California 91403. The agent for service of process of the LLC may be changed from time to time by the Manager, subject to applicable law.

6. CONTRIBUTIONS AND LOANS.

6.1 Initial Contributions. The initial contribution from the initial Member, the Administrative Trust, shall be the Administrative Trust's assignment of all assets owned by the Administrative Trust that are defined therein as Artistic Property, as designated on Exhibit "A" herein.

6.2 Additional Contributions or Loans. The Members shall not be required to make any additional Contributions or loans to the LLC.

6.3 Interest on Contributions. No interest shall be paid by the LLC on any Contribution made by any Member to the LLC.

6.4 Return of Contributions. Except as otherwise provided in this Agreement, no Member shall have the right to withdraw or reduce such Member's Contribution or to receive any distributions, except as a result of dissolution. No Member shall have the right to demand or receive property other than cash in return for such Member's Contributions.

6.5 Loans By a Member. Loans by a Member to the LLC shall not be considered Contributions for purposes of this Agreement, increase such Member's Capital Account or entitle such Member to any greater share of the Profits, Losses or distributions of the LLC than such Member is otherwise entitled to under this Agreement. No loan shall be made by a Member to the LLC unless approved by the Manager.

6.6 Foreign Members. If the LLC is required to withhold taxes with respect to the Profits of a Member who is a foreign person or entity (including a Member who resides outside of the state of California), the Manager may require an additional Contribution (without adjustment to Participation Percentages) of such Member in the amount of the required withholding amount.

7. ALLOCATIONS.

7.1 Allocation of Profits and Losses. Profits and Losses for each Fiscal Year shall be allocated among the Members in accordance with their respective Participation Percentages.

7.2 Allocation of Nonrecourse Deductions. Nonrecourse Deductions for each Fiscal Year shall be allocated among the Members in accordance with their respective Participation Percentages.

7.3 Member Nonrecourse Deductions. Member Nonrecourse Deductions for each Fiscal Year shall be allocated as required by the Regulations promulgated under Section 704(b) of the Code.

7.4 704(c) Agreement. The Members agree that items attributable to contributed property shall be allocated as required by Section 704(c) of the Code.

7.5 Allocation of Tax Credits. Except as may otherwise be required by law, any tax credits to which the LLC may be entitled shall be allocated among the Members in accordance with their respective Participation Percentages.

7.6 Qualified Income Offset. Except as provided in Paragraph 7.7 of this Agreement, if any Member unexpectedly receives an adjustment, allocation or distribution described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, any deficit in said Member's Capital Account as quickly as possible. For purposes of this Paragraph 7.6, the Member's Capital Account, as of the end of the relevant Fiscal Year, shall take into account the adjustments described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6), any amount of any deficit Capital Account balance which the Member is obligated to restore, and any amount of any deficit Capital Account balance which the Member is deemed obligated to restore pursuant to the Regulations promulgated under Section 704(b) of the Code.

7.7 Minimum Gain Chargeback. Prior to any allocation hereunder, if there is a net decrease in the LLC Minimum Gain during a LLC taxable year, each Member shall be allocated items of income and gain in accordance with the Regulations promulgated under Section 704(b) of the Code and its requirements for a "minimum gain chargeback." If there is a net decrease in minimum gain attributable to debt associated with Member Nonrecourse Deductions, income and gain shall be allocated to the Members in accordance with the Regulations.

7.8 Allocations of Tax Items. For federal income tax purposes, every item of income, gain, loss and deduction shall be allocated among the Members in accordance with the foregoing allocations.

8. DISTRIBUTIONS.

8.1 Distribution of Distributable Cash. Distributable Cash (other than in dissolution of the LLC as hereafter provided in Paragraph 11) shall be distributed to the Members during each Fiscal Year in accordance with their respective Participation Percentages; provided, however, that the Manager may, in his sole and absolute discretion, accumulate Distributable Cash for investment or other LLC purposes.

8.2 To Whom Distributions Are Made. Unless named in this Agreement or unless admitted as a Member as provided in this Agreement, no person or entity shall be considered a Member in the LLC. Any distribution by the LLC to the person shown on the LLC records as a Member, or to such Member's legal representatives, or to a named assignee of the right to receive distributions, shall acquit the LLC and the Members of all liability to any

other person who may be interested in such distribution by reason of an assignment by a Member or for any other reason.

9. MANAGEMENT.

9.1 General Management. Subject to the remaining provisions of this Agreement, the LLC's business shall be managed by the Manager. The Manager shall be responsible for the day-to-day management of the LLC's business and shall have all rights and powers generally conferred by law or necessary, advisable or consistent in connection therewith. The Manager shall devote such time to the LLC as shall be necessary in his sole and absolute discretion to conduct the LLC's business and to carry out his duties and responsibilities under this Agreement for the furtherance of the LLC's business.

9.2 Limitations on Power of Manager. Notwithstanding any other provision of this Agreement, the Manager shall not have authority to cause the LLC to engage in the following transactions without first obtaining the unanimous written consent of the Members:

(a) The sale, exchange or other disposition of substantially all of the LLC's assets occurring as part of a single transaction or plan, or in integrated multiple transactions except in the orderly liquidation and winding up of the business of the LLC upon its duly authorized dissolution.

(b) The merger of the LLC with another limited liability company or corporation, general partnership, limited partnership or other entity (except that any act which would cause a Member to incur personal liability for the obligations of the LLC or its successor shall also require the consent of such Member).

(c) An alteration of the authorized businesses of the LLC as set forth in Article 4 of this Agreement.

(d) Any act which would make it impossible to carry on the ordinary business of the LLC.

(e) The confession of a judgment against the LLC in excess of \$100,000.

(f) The borrowing of money in excess of \$100,000 or guaranty of the debt of another.

(g) Any transaction, including the rendering of services, between a Member or any Affiliate of a Member and the LLC.

9.3 Member Approval. No annual or regular meetings of the Members are required to be held. However, if such meetings are held, such meetings shall be noticed, held and conducted pursuant to the Act. In any instance in which the approval of the Members is required under this Agreement, such approval may be obtained in any manner permitted by the Act. Unless otherwise provided in this Agreement, approval of the Members shall mean the approval of a Majority In Interest of the Members.

9.4 Partnership Representative. The Manager shall be designated as the "Partnership Representative" (as defined in Internal Revenue Code Section 6223(a)); and the Partnership Representative: (a) pursuant to Internal Revenue Code Section 6221(b), shall cause the LLC to elect-out annually from the default audit procedures in Internal Revenue Code Section 6221(a), or (b) if (and only if) such election-out is not available for any particular year, shall cause the LLC to make the election under Internal Revenue Code Section 6226(a) to apply the alternative procedures to pass through payment of any underpayments to the applicable Members for that year. Each Member does hereby agree to indemnify, defend and hold harmless the LLC from and against any liability with respect to such Members' share of any income tax deficiency paid or payable by the LLC (for the avoidance of doubt, including any applicable interest and penalties) that is allocable to the Member with respect to an audited or reviewed taxable year for which such Member was a Member in the LLC. The obligations set forth in this Section shall survive such Member's ceasing to be a Member in the LLC for any reason and/or the termination, dissolution, liquidation or winding up of the LLC. The LLC, Members and Partnership Representative shall take any and all actions as shall be necessary or appropriate to effectuate and comply with the elections and provisions described in this Section.

9.5 Execution of Documents. Each check, contract, deed, lease, promissory note, deed of trust, escrow instruction, bond, release or any other documents of any nature whatsoever, in any way pertaining to the LLC or on behalf of the LLC, shall be signed by the person or persons designated from time to time by the Manager.

9.6 Liability/Indemnification.

(a) Neither any Member nor the Manager shall be liable, responsible or accountable in damages or otherwise to the LLC or to the other Members for any acts performed within the scope of the authority conferred on such Member or Manager by this Agreement, except for such Member's or Manager's gross negligence, willful misconduct or breach of fiduciary duty. Other than claims for a breach of fiduciary duty under the Act, the LLC shall indemnify and hold harmless the Members and/or the Manager (individually, an "Indemnatee") from and against any and all losses, claims, demands, costs, damages, liabilities, expenses of any nature (including reasonable attorneys' fees and disbursements), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, brought against, or threatened against, such Indemnatee by reason of the fact such Indemnatee was a Member or a Manager of the LLC. Such indemnification shall be provided regardless of whether the Indemnatee continues to be a Member or a Manager at the time any such liability or expense is paid or incurred.

(b) Expenses incurred by an Indemnatee in defending any claim, demand, action, suit or proceeding subject to this Paragraph 9.6, shall from time to time, be advanced by the LLC prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the LLC of an undertaking by or on behalf of the Indemnatee to repay such amount if it shall be determined that such person is not entitled to be indemnified under this Paragraph 9.6.

(c) The indemnification provided by this Paragraph 9.6 shall be in addition to any other rights to which the Indemnitee may be entitled under any agreement, vote of the Members, as a matter of law or equity or which otherwise shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

(d) The LLC may purchase and maintain insurance, at the LLC's expense, on behalf of the Members, the Manager and such other persons as the Manager shall determine, against any liability that may be asserted against, or any expense that may be incurred by, such persons in connection with the activities of the LLC and/or the acts or omissions of such persons regardless of whether the LLC would have the power to indemnify such persons against such liability under the provisions of this Agreement.

(e) Any indemnification under this Paragraph 9.6 shall be satisfied solely out of the assets of the LLC. No Member or Manager shall be subject to personal liability or required to provide any funds, or to cause any funds to be provided, to the LLC to satisfy any indemnification obligation of the LLC under this Paragraph 9.6.

9.7 Compensation of the Manager. In addition to the reimbursement of expenses provided in Paragraph 12.5, the Manager shall receive reasonable compensation for services rendered to the LLC, taking into consideration any other compensation received by Manager from the LLC. Such reasonable compensation must be approved by unanimous written consent of the Members. Approval by the Members of such reasonable compensation shall not be unreasonably withheld.

9.8 No Withdrawal of Members. No Member shall have the right to withdraw from the LLC.

9.9 Resignation or Removal of a Manager. A Manager may resign at any time upon written notice to the LLC and the Members. A Manager may be removed with or without cause by the unanimous written consent of the Members. Resignation or removal of a Manager who is also a Member shall have no effect on such Member's rights as a Member or their Membership Interests.

10. RESTRICTIONS ON TRANSFER; NEW MEMBERS.

10.1 Limitations on Transfers. Except as set forth in Paragraph 10.2 below, no Member shall for any reason, whether voluntarily, involuntarily or by operation of law, Transfer all or any of such Member's Membership Interest, without the prior written consent of the Manager. Any Transfer not expressly permitted in this Agreement shall be null and void. A transferee of a Membership Interest shall have the right to become a substitute Member only if (i) consent of the Manager is given, (ii) such person executes an instrument satisfactory to the Manager accepting and adopting the terms and provisions of this Agreement, and (iii) such person pays any reasonable expenses in connection with his or her admission as a substitute Member. The admission of a substitute Member shall not release the Member who assigned the Membership Interest from any liability that such Member may have to the LLC.

10.2 Right of First Refusal on Transfer. Notwithstanding the provisions of Paragraph 10.1, a Member may Transfer all or any of such Member's Membership Interest pursuant to the provisions of this Paragraph 10.2.

(a) Notice of Offer. A Member (the "Selling Member"), upon receiving a bona fide offer, whether written or oral, by a third party to acquire all or any portion of such Selling Member's Membership Interest which the Selling Member is willing to accept, or upon making a bona fide offer, whether written or oral, to a third party to sell, Transfer or assign all or any of the Selling Member's Membership Interest (either of such types of offers is referred to herein as the "Offer"), shall give written notice thereof (the "Sale Notice") to the LLC and the other Members. The Sale Notice shall specify:

- (i) The number of and identity of the Membership Interest proposed to be Transferred (the "Offered Interests");
- (ii) The identity of the proposed transferee;
- (iii) The consideration to be received for the Offered Interests (including the value of any non-monetary consideration and the method for determining such value); and
- (iv) The terms and conditions upon which the Selling Member intends to make the Transfer.

The Sale Notice shall be accompanied by a true and complete copy of the Offer, if it is written, and shall constitute an offer by the Selling Member to Transfer the Offered Interests to the LLC as more fully set forth below.

(b) LLC's Right of First Refusal. The LLC shall have the right to purchase all (and only all) of the Offered Interests at a price equal to the price set forth in the Offer (as determined pursuant to Paragraph 10.2(d), if applicable) and on the terms set forth in the Offer. The LLC may exercise its right to purchase only by giving written notice thereof to the Selling Member (the "LLC's Acceptance"), with a copy to the other Members, within thirty (30) days after the later of (i) the date on which the LLC received the Sale Notice, or (ii) the date on which fair market value was determined pursuant to Paragraph 10.2 hereof. The Selling Member shall not participate in any vote that may be required in connection with the LLC's decision as to whether to exercise its right to purchase all of the Offered Interests.

(c) Other Members' Right of First Refusal. If the LLC fails to deliver the LLC's Acceptance within the specified time period, then the Selling Member shall give a second notice in writing to the other Members (the "Remaining Members") with a copy to the LLC, to reflect that the LLC has elected not to purchase the Offered Interests. The Remaining Members shall have the right, collectively, to purchase from the Selling Member all (and only all) of the Offered Interests, at a price equal to the price set forth in the Offer and on the terms set forth in the Offer. The Remaining Members may exercise such right only by giving written notice thereof to the Selling Member (collectively, the "Members' Acceptances"), with a copy to the LLC, within fifteen (15) days after delivery of such second notice by the Selling Member. A Member's Acceptance shall specify the amount of the Offered Interests that such

Member desires to purchase. If the total amount of the Offered Interests specified in the Members' Acceptances exceeds the Offered Interests, each Member shall have priority, up to the amount specified in such Members' Acceptances, to purchase that proportion of the Offered Interests which such Member's Participation Percentage bears to the total Participation Percentages of Membership Interests of all Members who have submitted Members' Acceptances. The Offered Interests not purchased on such a priority basis shall be allocated in one or more successive allocations to those Remaining Members desiring to purchase more of the Offered Interests based upon the same formula. If the Remaining Members do not purchase all of the Offered Interests, the Selling Member may consummate the proposed Transfer to the proposed transferee in accordance with the terms set forth in the Offer, provided that such Transfer is consummated on or before the one hundred twentieth (120th) day following the later of the date of the Offer or the date on which fair market value is determined pursuant to Paragraph 10.2 hereof. No Transfer of any of the Offered Interests or any interest therein shall be made after the end of the one hundred twenty (120) day period, nor shall any material change in the price or terms of the Transfer from those set forth in the Offer be permitted, unless the Selling Member gives written notice to the LLC and the Remaining Members of a new Offer and complies with all of the provisions of this Paragraph 10.2.

(d) Non-Monetary Consideration. If part or all of the consideration to be paid for the Offered Interests pursuant to the terms of the Offer is other than money, then the price set forth in the Offer shall equal the aggregate of the money consideration plus the fair market value of the consideration other than money to be paid to the Selling Member. For purposes of this Paragraph 10.2, the fair market value shall be determined by the Selling Member and the LLC (with the Selling Member not participating in any vote pertaining to the LLC's determination of fair market value) within fifteen (15) days following delivery of the Sale Notice to the LLC. If an agreement as to fair market value cannot be reached within such time period, the Selling Member and the LLC (or the Remaining Members, as the case may be) shall promptly submit such issue to the American Arbitration Association for a determination in accordance with its rules. The parties shall use their best efforts to obtain an expedient determination of fair market value. The fees of the arbitrator(s) and the costs to be paid to the American Arbitration Association shall be paid fifty percent (50%) by the Selling Member and fifty percent (50%) by the LLC. Discovery in accordance with California law shall be permitted. Such arbitration shall take place in Los Angeles, California, unless the parties to the arbitration mutually agree on another place.

(e) Closing for Right of First Refusal Purchase. If the LLC or any Remaining Member exercises the right to purchase all or a portion of the Offered Interests (as described above), the closing of such purchase shall take place on the date chosen by the purchasing party, which in no event may be later than the later of (i) the thirtieth (30th) day following the date on which the LLC's Acceptance was delivered, or (ii) the thirtieth (30th) day following the date on which the last Member's Acceptance was delivered. A purchasing party shall give written notice to the Selling Member of the closing date for the purchase by that party, at least five (5) days prior to such date.

10.3 Title. Upon any Transfer of Membership Interests in the LLC made in accordance with the terms of this Agreement, the transferee shall take, own, hold and Transfer such Membership Interests in the LLC pursuant and subject to each and all of the

provisions, conditions and covenants of this Agreement, as fully as if such transferee were designated as a Member herein. As a condition precedent to any Transfer of Membership Interests in the LLC, the transferee shall agree in writing to be bound by all provisions of this Agreement.

10.4 No Dissolution. If a Member Transfers all or any part of its interests in the LLC without complying with the provisions of this Agreement, such action shall not cause or constitute a dissolution of the LLC.

10.5 New Members. No new Member may be admitted into the LLC without the unanimous written consent of the Manager and of the Members.

11. DISSOLUTION AND WINDING UP OF THE LLC.

11.1 Dissolution of LLC. The LLC shall be dissolved upon the happening of any of the following events:

- (a) The unanimous written consent of the Members;
 - (b) Expiration of the term of the LLC set forth in Paragraph 5.1 of this Agreement;
 - (c) Entry of a judicial decree of dissolution pursuant to the Act;
- or
- (d) The sale of substantially all of the LLC's assets.

11.2 Winding Up of the LLC. Upon dissolution of the LLC, the Members shall wind up the affairs and liquidate the assets of the LLC in accordance with the provisions of this Paragraph and the Act. Profits, Losses, Nonrecourse Deductions, Member Nonrecourse Deductions and all other LLC items shall be allocated until the liquidation is completed in the same ratio as such items were allocated prior thereto. The proceeds from liquidation of the LLC when and as received by the LLC shall be utilized, paid and distributed in the following order:

- (a) First, to pay expenses of liquidation;
- (b) Next, to pay the debts of the LLC to third parties other than the Members;
- (c) Next, to pay the debts of the LLC owing to creditors who are Members;
- (d) Next, to the establishment of any Cash Reserves; and
- (e) Thereafter, to the Members, in accordance with their respective Participation Percentages.

11.3 Right To Receive Property. The Members shall have no right to demand or receive property other than cash in return for their Contributions.

12. BOOKS AND RECORDS; EXPENSES.

12.1 Books of Account. The LLC shall, at the LLC's sole cost and expense, keep adequate books of account of the LLC wherein shall be recorded and reflected all of the Contributions and all of the income, expenses and transactions of the LLC and a list of the names, addresses and number of Membership Interests in the LLC held by the Members in alphabetical order. The books and records shall be maintained in accordance with a method of accounting determined by the Manager, and each Member shall have complete access to the books and records of the LLC upon providing reasonable notice to the Manager.

12.2 Accounting and Reports. The Member serving as the "Partnership Representative" shall, at the LLC's sole cost and expense, cause federal and state returns for the LLC to be prepared and filed with the appropriate authorities, and shall furnish to the other Members, within ninety (90) days after the close of each Fiscal Year, such financial information with respect to each Fiscal Year as shall be reportable for federal and state income tax purposes.

12.3 Banking. All funds of the LLC shall be deposited in a separate bank account or accounts as shall be determined by the Manager. All withdrawals therefrom shall be made upon checks signed by the person or persons designated by the Manager.

12.4 Accountants. The Manager shall select the accountants for the LLC.

12.5 Expenses of LLC. All direct expenses incurred in connection with conducting the LLC's business shall be billed to and paid by the LLC or if paid by a Manager or a Member, such Manager or such Member may be reimbursed for such direct expenses without interest.

13. ADJUSTMENT OF BASIS ELECTION. In the event of a Transfer of any Membership Interest in the LLC, or in the event of a distribution of the property of the LLC to any Member hereto, the Manager shall, at the request of the transferee Member, file an election, in accordance with Section 754 of the Code and applicable Treasury Regulations, to cause the basis of the LLC's property to be adjusted for federal income tax purposes, as provided in Sections 734, 743 and 754 of the Code.

14. WAIVER OF ACTION FOR PARTITION. Each of the Members hereby irrevocably waives, during the term of the LLC, any right such Member may have to maintain any action for partition with respect to any property of the LLC.

15. AMENDMENTS. Amendments to this Agreement may be made only if approved by a vote of all the Members. However, at any time that the Administrative Trust is the sole Member, no Amendments may be made to this Agreement without the consent of the Manager.

16. EQUITABLE RELIEF. The rights granted to the parties hereunder are of a special and unique kind and character, and if there is a breach by any party of any material provision of this Agreement, the other parties would not have an adequate remedy at law. Therefore, the rights of the parties under this Agreement may be enforced by equitable relief as is provided under the laws of the state of California.

17. NOTICES. Any and all notices, demands or other communications required or desired to be given hereunder by any party shall be in writing and shall be validly delivered to another party only if served either personally by overnight courier service, by facsimile transmission or if deposited in the United States first class mail, certified return receipt requested, postage prepaid at the address/facsimile numbers set forth on Exhibit A next to each Member's name. If such notice, demand or other communication is served personally, service shall be conclusively deemed made at the time of such personal service. If such notice is sent by facsimile transmission or overnight courier service, service shall be conclusively deemed made at the time of written confirmation of receipt, if on or before 5:00 p.m. local time on a legal business day at the place of receipt, and if not, then on the next legal business day thereafter. If such notice, demand or other communication is given by mail, service shall be conclusively deemed made on the date shown on the return receipt. The address and facsimile number for delivery of notices, demands or other communications for each Member is set forth on Exhibit "A" next to each Member's name. Any party hereto may change its address for the purpose of receiving notices, demands and other communications as herein provided by a written notice given in the manner aforesaid to the other party or parties hereto.

18. LEGAL REPRESENTATION. EACH MEMBER REPRESENTS AND WARRANTS THAT SUCH MEMBER HAS BEEN ADVISED THAT SUCH MEMBER MAY BE REPRESENTED BY COUNSEL OF SUCH MEMBER'S OWN CHOOSING IN THE PREPARATION AND ANALYSIS OF THIS AGREEMENT AND EACH MEMBER HEREBY ACKNOWLEDGES THAT JEFFER MANGELS BUTLER & MITCHELL LLP ("JMBM") HAS ONLY REPRESENTED THE TRUSTEE OF THE ADMINISTRATIVE TRUST IN THE PREPARATION OF THIS AGREEMENT. JMBM DOES NOT REPRESENT THE LLC OR ANY MEMBER OR MANAGER OF THE LLC OR ANY OF THE ULTIMATE BENEFICIARIES OF THE ADMINISTRATIVE TRUST. EACH MEMBER HAS READ THIS AGREEMENT WITH CARE AND HAS HAD THE OPPORTUNITY TO CONSULT COUNSEL OF THEIR OWN CHOOSING WITH RESPECT THIS AGREEMENT AND BELIEVES THAT SUCH MEMBER IS FULLY AWARE OF AND UNDERSTANDS THE CONTENTS THEREOF AND THEIR LEGAL EFFECT.

19. ATTORNEYS' FEES. Should any party hereto institute any action or proceeding at law or in equity to enforce any provision hereof, including an action for declaratory relief or for damages by reason of an alleged breach of any provision of this Agreement, or otherwise in connection with this Agreement, or any provision hereof, the prevailing party shall be entitled to recover from the losing party or parties reasonable attorneys' fees and costs for services rendered to the prevailing party in such action or proceeding.

20. INDEPENDENT ACTIVITIES OF MEMBERS AND MANAGER. The Members and the Manager may engage in or possess an interest in other business ventures of every nature and description, independently or with others, including, but not limited to, the ownership, financing, leasing, operation, management, syndication, brokerage and development of real property or any other investment asset or venture, and neither the LLC nor the other Members shall have, and each of them hereby expressly waives, relinquishes and renounces any right by virtue of this Agreement in and to such independent ventures or to the income or profits derived therefrom.

21. INVESTMENT REPRESENTATIONS OF THE MEMBERS. Each Member, by executing this Agreement, hereby acknowledges, covenants, represents and warrants to the LLC and the other Members, and each of them, as follows:

21.1 Business Experience; Evaluation of Risks and Merits. That such Member is over the age of twenty-one (21) years, experienced in business affairs, and capable of evaluating the merits and risks of this investment.

21.2 Risks of Investment. Each Member realizes that such Member's investment in the LLC involves an element of substantial uncertainty as to the potential for profitability of the business of the LLC.

22. MISCELLANEOUS.

22.1 Applicable Law. This Agreement shall, in all respects, be governed by the laws of the state of California applicable to agreements executed and to be wholly performed within the state of California.

22.2 Severability. Nothing contained herein shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provisions contained herein and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail; but the provision of this Agreement which is affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law.

22.3 Further Assurances. Each of the parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder to carry out the intent of the parties hereto.

22.4 Successors and Assigns. All of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

22.5 Number and Gender. In this Agreement, the masculine, feminine or neuter gender, and the singular or plural number, shall each be deemed to include the others whenever the context so requires.

22.6 Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties with respect to its subject matter and any and all prior agreements, understandings or representations with respect to its subject matter are hereby terminated and canceled in their entirety and are of no further force or effect.

22.7 Waiver. A waiver of any provision of this Agreement shall be valid only if it is in writing and signed by the party making the waiver. No waiver by any party hereto of any breach of this Agreement or any provision hereof shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision hereof.

22.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

22.9 Interpretation. The captions appearing at the commencement of the sections hereof are descriptive only and for convenience in reference.

22.10 Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over or against any party to this Agreement.

22.11 No Authority. No Member shall have the duty to inquire into the authority of another Member to act. All of the Members shall be presumed to have the authority to execute this Agreement and to carry out any acts contemplated hereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first hereinabove mentioned.

MEMBER:

Dana York Petty, as Trustee of the Thomas Earl Petty Administrative Trust, dated February 24, 1999

MANAGER:

Lawrence Jenkins

**LIMITED LIABILITY COMP
ANY OPERATING AGREEMENT
OF _____**

Exhibit "A"

MEMBERS

<u>NAME</u>	<u>INITIAL CONTRIBUTION</u>	<u>PARTICIPATION PERCENTAGE</u>
Dana York Petty, as Trustee of the Thomas Earl Petty Administrative Trust, dated February 24, 1999 c/o Bernard H. Gudvi 15260 Ventura Blvd., Suite 2100 Sherman Oaks, California 91403 EIN#: 82-6674781	All assets owned by the Administrative Trust that are defined therein as Artistic Property	100%
Total	\$ _____	<u>100%</u>

**AMENDED LIMITED
LIABILITY COMPANY
OPERATING AGREEMENT OF**

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EXHIBIT 2

THIRD AMENDED AND RESTATED
THOMAS EARL PETTY LIVING TRUST

THIRD AMENDED AND RESTATED
THOMAS EARL PETTY LIVING TRUST

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THIRD AMENDED AND RESTATED
THOMAS EARL PETTY LIVING TRUST

THIS THIRD AMENDED AND RESTATED THOMAS EARL PETTY LIVING TRUST (the "Trust" or "Trust Agreement") is entered into between THOMAS EARL PETTY (hereinafter called "Grantor") and THOMAS EARL PETTY (hereinafter called "Trustee"), effective as of the date of execution, with reference to the following facts:

- A. On February 24, 1999, THOMAS EARL PETTY executed the Thomas Earl Petty Living Trust (the "Original Trust") as Grantor and Trustee.
- B. On March 4, 1999, the Grantor and the Trustee executed a First Amendment to the Original Trust.
- C. On January 28, 2002, the Grantor and the Trustee executed a Second Amendment to the Original Trust.
- D. On August 20, 2003, the Grantor and Trustee executed the Amended and Restated Thomas Earl Petty Living Trust (the "First Amended Trust"), thereby amending and restating the Original Trust in its entirety.
- E. On January 18, 2005, the Grantor and Trustee executed the Second Amended and Restated Thomas Earl Petty Living Trust (the "Second Amended Trust"), thereby amending and restating the First Amended Trust in its entirety.
- F. Pursuant to Paragraph 2.1 of the Second Amended Trust, the Grantor reserved the right to amend or alter the Second Amended Trust during his lifetime.
- G. The Grantor desires to amend and restate the Second Amended Trust in its entirety, as provided herein.

ARTICLE 1

DECLARATIONS OF TRUST:

1.1 **Principal of Trust.** The Grantor declares that the Grantor has set aside, transferred and delivered to the Trustee the sum of Fifty Dollars (\$50) and other assets of the Grantor, subject to any liabilities secured thereby, the receipt of which is hereby acknowledged by the Trustee. The Grantor may also transfer substantial additional property to this Trust by lifetime or testamentary transfer. The initial principal

of the Trust, together with any other property that is transferred to the Trust and any income thereon, shall be held, administered and distributed by the Trustee as provided herein.

1.2 Amendment of Original Trust. The Second Amended Trust, as previously amended, is hereby amended in its entirety by replacing the Second Amended Trust, as previously amended, with the following provisions of this Trust Agreement. The Trust shall for all purposes continue to be designated by reference to the date of execution of the Second Amended Trust as follows: the "Thomas Earl Petty Living Trust, dated February 24, 1999."

1.3 Separate Property to Retain Character. The Grantor intends that all separate property of either the Grantor or Spouse now or hereafter contributed to the Trust Estate shall remain the separate property of the Grantor. No provision of this Trust Agreement shall change the character of that property or the rents, issues and profits thereof to other than the separate property. Any separate property withdrawn by the Grantor, whether or not that withdrawal or distribution results from a revocation or termination of this Trust, shall remain the separate property of the Grantor.

1.4 Acceptance of Trust by the Trustee. No consideration was or will be given to or by the Trustee for the conveyance or transfer to it of any of the Trust Estate. The Trustee accepts title to the Trust Estate which is conveyed or transferred to it hereunder, without liability or responsibility for the conditions or validity of that title. The Trust Estate has been or will be conveyed or transferred to the Trustee, in trust, with power of sale, for the uses and purposes and upon the terms herein set forth. The Trustee agrees to perform the duties of the Trustee and to hold the Trust Estate, the proceeds thereof, and any other property which may be later added to the Trust Estate, subject to the terms of this Trust Agreement.

ARTICLE 2

RIGHTS RESERVED TO THE GRANTOR:

2.1 Power to Amend Trust. At any time or times during the life of the Grantor, the Grantor, by written notice filed with the Trustee, may change the interest of any Beneficiary in any Trust created or to be created pursuant to this Trust Agreement or any amendment to it, or amend any provision of this Trust Agreement or any amendment to it.

2.2 Power to Revoke. During the life of the Grantor, the Grantor may revoke this Trust by giving written notice to the Trustee. On revocation, the Trustee shall promptly deliver to the Grantor all of the Trust Estate. If, after a revocation of the Trust by the Grantor, the Trustee has not distributed all of the Trust Estate prior to the death of the Grantor for whatever reason, the Trustee shall retain bare legal title to the Trust

Estate. Upon the death of the Grantor, the Trust Estate shall not be distributed in accordance with this Trust Agreement, but shall instead be distributed as designated by the Grantor in a Will or other written document executed concurrently with or after the date of revocation, or in the absence of such designation, shall be distributed to the Grantor's estate.

2.3 Powers of Amendment and Revocation Personal to the Grantor.

The powers of the Grantor to amend this Trust Agreement and to revoke this Trust are personal to the Grantor and shall not be exercisable on the Grantor's behalf by any conservator or other person.

2.4 Trust Irrevocable Upon the Death of the Grantor. Upon the death of the Grantor, the Trust created by this Trust Agreement shall become irrevocable and not subject to amendment or alteration in any respect.

2.5 Additions. The Grantor shall have the right, at any time or times, to add to the Trust Estate, and the property so added to the Trust Estate, whether real, personal or mixed, shall, after notice to the Trustee, be subject to all the terms of this Trust Agreement. Any other person may, from time to time, with the consent of the Trustee, add property of any kind to the Trust Estate, or any part thereof, which shall be subject to all the terms and provisions of this Trust Agreement.

ARTICLE 3

ADMINISTRATION OF TRUST ESTATE DURING THE LIFE OF THE GRANTOR:

3.1 Accumulation of Income. So long as the Grantor is living, the Trustee shall accumulate all of the net income of the Trust Estate. Such accumulated income shall become principal of the Trust Estate, to be distributed as hereinafter set forth.

3.2 Distribution of Principal. Upon the request of the Grantor, the Trustee shall distribute and deliver so much of the principal of the Trust Estate as is demanded by the Grantor. This power of the Grantor may be exercised by a power of attorney executed by the Grantor, if specific reference is made to this provision of this Trust Agreement, and only to the extent thereto and, in such event, such principal shall be distributed to the holder of such power of attorney.

3.3 Support of the Grantor and Spouse. In addition to the distributions from the Trust Estate set forth in the preceding Paragraphs of this Article, it shall be the discretionary duty of the Trustee to distribute to or apply for the use and benefit of either or both the Grantor and Spouse, from time to time, such reasonable amounts from the principal of the Trust Estate as the Trustee may deem necessary or advisable for the

proper and reasonable support, maintenance and health of either or both the Grantor and Spouse, in accordance with their then accustomed manner of living.

3.4 Support of Issue. During the lifetime of the Grantor, the Trustee may distribute to or apply for the benefit of the issue of the Grantor such sums out of the principal of the Trust Estate as the Trustee deems necessary for the proper support, maintenance, health and education of any one or more of them. In making any distributions of principal to or for any issue of the Grantor under this Paragraph, the Trustee shall take into consideration, to the extent the Trustee deems advisable, any income or other resources of such issue, outside of the Trust Estate, known to the Trustee and reasonably available for those purposes. In exercising this discretionary power, the Trustee is advised to be mindful that the Grantor's primary concern in establishing this Trust is the adequate support of the Grantor during the Grantor's lifetime. Any distribution or application of benefits to or for any issue of the Grantor under this Paragraph shall be charged against the Trust Estate as a whole rather than against the ultimate distributive share of the issue (or such issue's lineal ancestors or lineal descendants) to whom or for whose benefit the distribution is made.

3.5 Incapacity of the Grantor. If at any time, as evidenced in writing by two (2) licensed physicians upon the request of any beneficiary or any successor Trustee, the Grantor has become substantially unable to manage the Grantor's own financial resources or resist fraud or undue influence (hereafter to be referred to as the Grantor's "Incapacity"), whether or not a court of competent jurisdiction has declared the Grantor incapacitated, mentally ill or in need of a conservator or the guardian of the person or estate, this Paragraph 3.5 shall apply.

(a) Limitation on Persons Able to Request a Determination of Incapacity. Notwithstanding any provision in this Paragraph 3.5 to the contrary, only a beneficiary or a named successor Trustee hereunder may request a determination of Incapacity pursuant to the provisions of this Paragraph 3.5. Specifically, no creditor of the Grantor, nor any person who may have a claim against the Trust Estate, nor any person who may otherwise qualify as an interested person as provided under California Probate Code Section 48 shall have the right to request a determination of Incapacity of the Grantor pursuant to the provisions of this Paragraph 3.5.

(b) Cooperation of the Grantor and Health Care Agent. The Grantor hereby directs any holder of an Advance Health Care Directive, including a durable power of attorney for health care decisions, reasonably to cooperate with the successor Trustee (in the case of the determination of the Incapacity of the Grantor) or the then-serving Trustee (in the case of a determination that the Grantor has regained the Grantor's capacity, as evidenced in writing by two (2) licensed physicians [hereafter to be referred to as the Grantor's "Capacity"]). The Grantor agrees reasonably to cooperate with the successor Trustee (in the case of a determination of the Incapacity of the

Grantor) to undergo an evaluation by one (1) or more physicians and/or independent experts to determine Incapacity or Capacity, at reasonable times and reasonable intervals, as appropriate. The Grantor and the successor Trustee shall reasonably cooperate in the selection of the physician(s) and/or independent expert(s).

(c) Release in Connection with Determination of the Grantor's Incapacity and/or Capacity. For purposes of determining the Grantor's Incapacity (or for determining the Grantor's Capacity after the Grantor has been determined to be Incapacitated), all individually identifiable health information, including medical records, may be released to the beneficiary and/or successor Trustee (even if that person has not yet been appointed to serve as Trustee) who requested such determination of the Grantor's Incapacity (or, in the case of determining the Grantor's Capacity after the Grantor has been determined to be Incapacitated, such information may be released to the then-serving Trustee hereunder), to include any written opinion relating to the Grantor's Incapacity or Capacity, as appropriate. This release authority applies to any information governed by the Health Insurance Portability and Accountability Act of 1996, 42 USC 1320d and 45 CFR 160-164.

(d) Support of the Grantor During Period of Incapacity of the Grantor. At any time that the Grantor has been determined to be Incapacitated, the Trustee shall, from time to time, apply for the benefit of the Grantor, from the Trust Estate, the amounts of net income and principal necessary, in the discretion of the Trustee, for the proper and reasonable support, maintenance and health of the Grantor in accordance with the Grantor's then accustomed manner of living, until the Grantor has regained Capacity, or until the death of the Grantor. Any income in excess of the amounts applied for the benefit of the Grantor shall be accumulated and added to the principal of the Trust Estate. If a conservator of the estate is appointed for the Grantor, the Trustee shall take into account any distributions made for the Grantor's benefit by the conservator.

(e) Continued Support of Persons Previously Supported by the Grantor. If the Grantor is determined to be Incapacitated, the Trustee may also pay from the Trust Estate to any person (A) whom the Grantor is legally obligated to support or (B) who is related to the Grantor by blood, marriage or adoption and whom the Grantor was supporting at the time that the Grantor became Incapacitated, such sums as shall be reasonably necessary for such person's education, support in such person's accustomed manner of living and such person's medical, dental, hospital and nursing expenses and expenses of invalidism.

3.6 Grantor Not To Be Placed in Nursing Home. Except as provided below, it is the Grantor's intention that the Grantor not be placed in a nursing home, convalescent home or other similar facility without the Grantor's informed consent. If at any time the Grantor is incapable of giving his informed consent, then, to the extent

possible, the Trustee shall use Trust income and, if insufficient, Trust principal for the purpose of providing nursing care for the Grantor in the Grantor's own home. To the extent such payments are from Trust principal, they shall be paid in the manner described in Paragraph 3.5 above. In the event that there are special circumstances in which the Trustee decides that a nursing home, convalescent home or other similar facility would provide substantially better medical care for the Grantor than the Grantor would receive in the Grantor's own home, and only if these special and unusual circumstances exist, the Trustee may choose to use Trust funds to provide for the Grantor's care in a nursing home, convalescent home or other similar facility of the highest quality. In making these decisions, the Trustee shall consult, to the extent the Trustee deems necessary, with the Grantor's health care agent and/or conservator.

3.7 Certain Transfers By Direction of Grantor During the Grantor's Lifetime. The Grantor intends that certain transfers pursuant to the Grantor's written instruction should be treated as a withdrawal of property from the Trust followed by a transfer by the Grantor to the Grantor or other parties, in accordance with such written instruction. For example, in the case of a transfer that is intended to be a gift from the Grantor to any person, the Trustee shall execute any and all documents required to vest title to the gift property in the name of the transferee, without first retitling such assets in the name of the Grantor. The intent of the Grantor is to avoid the expense and delay of multiple retitling, without changing the character of the transfer as being, in substance, a withdrawal of property from the Trust, followed by a transfer by the Grantor. Accordingly, such transfer is intended to be and shall be treated for all purposes as first a distribution of the property to the Grantor followed by a gift transfer of the property to the donee(s) by the Grantor as donor, acting individually or through one or more attorneys in fact.

ARTICLE 4

DECLARATION CONCERNING FAMILY:

4.1 Declarations Concerning Family. The Grantor is presently married to DANA PETTY, and any reference in this Trust to Spouse is to her. The Grantor was previously married to JANE B. PETTY, which marriage was terminated by divorce. The Grantor has intentionally omitted to provide for JANE B. PETTY under the terms of this Trust Agreement. The Grantor has two (2) children from the Grantor's marriage to JANE B. PETTY, namely ADRIA ROBIN PETTY ("ADRIA"), born November 28, 1974; and ANNA KIM PETTY ("KIM"), born January 17, 1982. DANA PETTY has one (1) child from a prior marriage, namely DYLAN EPPERSON ("DYLAN"), born October 23, 1992. The Grantor has made specific allocations to or for the benefit of DYLAN under this Trust Agreement; however, the Grantor does not intend to include DYLAN in the class of beneficiaries identified as a "child of the Grantor," "children of the Grantor" or "issue of the Grantor"; accordingly, any reference in this Trust Agreement

to "child of the Grantor" or "children of the Grantor" shall refer only to ADRIA and/or KIM. Further, any reference in this Trust Agreement to "issue of the Grantor" shall include only ADRIA, KIM and their respective issue. The Grantor is a permanent resident of the county of Los Angeles, state of California.

ARTICLE 5

CREATION AND ADMINISTRATION OF ADMINISTRATIVE TRUST; DIVISION AND ALLOCATION OF TRUST ESTATE UPON THE DEATH OF THE GRANTOR:

5.1 Creation and Administration of Administrative Trust. Upon the death of the Grantor, the Trust Estate, including any additions thereto by reason of the death of the Grantor, may thereafter be held as an "Administrative Trust." The Trustee may (a) make all of the payments required by the Paragraph titled "Payments Upon the Death of the Grantor or Spouse," (b) pay all expenses relating to the Administrative Trust, and (c) distribute the balance of the Administrative Trust (the "Balance") as provided in the remaining provisions of this Article. The Trustee may distribute the Balance in a single distribution or in a series of partial distributions. If distribution of the Balance is to be made to one or more Beneficiaries, then until full distribution has been made to any such Beneficiary, the Trustee of the Administrative Trust may pay to that Beneficiary (or to a Trust to be established for such Beneficiary pursuant to the terms hereof) such amounts of income and/or principal as are consistent with the terms hereof. Such payments shall be in lieu of and thus credited toward the income and/or principal remaining to be distributed to such Beneficiary (or to the Trust to be established for such Beneficiary pursuant to the terms hereof). No payment shall be made to any Beneficiary (or to the Trust to be established for such Beneficiary pursuant to the terms hereof) which exceeds the amount of income and/or principal then remaining to be distributed to such Beneficiary (or Trust) as provided herein, nor shall any payment of income and/or principal be made to any Beneficiary of any such Trust which exceeds the amount which might properly be distributed to such Beneficiary at that time under the terms of such Trust. No payment shall be made to the Spouse and credited toward any amount which would otherwise be distributed to the Marital Trust, to the extent possible, if such payment involves assets which are described in Paragraph 5.8. Nothing in this Paragraph shall be deemed to affect the federal estate tax marital deduction. The Grantor intends that, to the extent determined by the executor under the Will of the Grantor, in its sole discretion, or by such other person who can make the election in the absence of an executor, the Marital Trust will qualify for the federal estate tax marital deduction under Section 2056 of the Internal Revenue Code. In no event shall the Trustee take any action or have any power under this Paragraph that will impair the federal estate tax marital deduction, and any such power shall be void. All provisions regarding the Marital Trust shall be interpreted to conform to the primary objective that the federal estate tax marital

deduction shall be allowable. The Administrative Trust shall be deemed to be terminated when all of the assets of the Administrative Trust have been used to pay expenses or allocated or distributed as provided in this Article 5, except for a reasonable amount which is set aside for the payment of unascertained or contingent liabilities and expenses (excluding any claim by a Beneficiary in his or her capacity as such).

5.2 Creation of the Artistic Property Entity and Allocation of Interests Therein. The Trustee shall first set aside all of the Artistic Property (as that term is defined in Paragraph 15.2) held by the Trust Estate (or to be received by the Trust Estate as a result of the death of the Grantor). The Trustee is hereby directed to create a California limited liability company (or such other entity as the Trustee deems appropriate) (the "Artistic Property Entity") to hold the Artistic Property. The membership interests in the Artistic Property Entity shall be held as follows:

(a) If the Spouse is living at the time of operation of this Paragraph, then the Trustee shall allocate an undivided one-third (1/3) membership interest (or other beneficial interest) in the Artistic Property Entity to the Marital Trust to be created pursuant to Paragraph 5.3. If the Spouse is not living at the time of operation of this Paragraph, then the allocation of such undivided one-third (1/3) interest in the Artistic Property Entity pursuant to this Paragraph 5.2(a) shall lapse and such undivided one-third (1/3) interest in the Artistic Property Entity shall be added to the allocation pursuant to Paragraph 5.2(b).

(b) The Trustee shall allocate an undivided two-thirds (2/3) membership interest (or other beneficial interest) in the Artistic Property Entity to the Issue's Trust to be created pursuant to Paragraph 5.3.

With respect to the creation of the Artistic Property Entity, the Trustee is directed to create the governing documents of the Artistic Property Entity such that those of the Spouse, ADRIA and KIM who are living at the time of creation of the Artistic Property Entity shall be entitled to participate equally in the management of the Artistic Property Entity, even though their respective economic interests in the Artistic Property Entity are not equal.

5.3 Division of Remaining Trust Estate Into Two Trusts. As soon as reasonably practicable after the death of the Grantor, and after allowance for the allocation contemplated by Paragraph 5.2 and the payments required by the Paragraph titled "Payments Upon the Death of the Grantor or Spouse", the Trustee shall divide the remaining Trust Estate, including, without any limitation, any property received from the probate estate of the Grantor, proceeds received from life insurance policies on the life of the Grantor, or otherwise, into two (2) shares, each of which shall be a separate Trust, hereinafter referred to respectively as the "Marital Trust" and the "Issue's Trust", as hereinafter described in this Article. The Trustee shall have the discretion to make any

allocations, divisions and distributions required under this Article on a pro rata or non-pro rata basis, and shall take into account any written agreement between the Grantor and the Spouse providing for a non-pro rata division of their property and the effect of such agreement on community property passing outside of the Trust Estate. The assets allocated in kind shall be allocated on the basis of their net fair market values as finally determined for federal estate tax purposes; provided that the assets selected shall be fairly representative of any appreciation or depreciation that has occurred between the applicable valuation date and the date of allocation. The amount allocated, divided or distributed shall be equal in value to the amount required to be allocated, divided or distributed, regardless of the character of property for state law purposes as community property, separate property, quasi-community property or otherwise (although no such community property or quasi-community property is believed to exist).

5.4 Allocation to Marital Trust; Alternate Distribution of Marital Trust Assets If Spouse Is Not Living. Subject to the provisions of Paragraph 5.5, the Trustee shall allocate certain of the assets of the Trust Estate as follows:

(a) If the Spouse is Living. If the Spouse is living at the time of allocation pursuant to this Paragraph 5.4, the Marital Trust shall consist of the following property and shall be held, administered and distributed in accordance with the provisions of Article 6:

(1) Malibu Residence. The Trustee shall allocate to the Marital Trust any interest held by the Trust Estate (or to be acquired by the Trust Estate as a result of the death of the Grantor) in that certain real property located at REDACTED, including any insurance thereon and any furniture, furnishings and appliances located therein, but subject to any encumbrances secured thereby (collectively, the "Malibu Residence"). If the Trust Estate does not own an interest in the Malibu Residence at the time of operation of this Paragraph (and will not acquire such an interest in the Malibu Residence as a result of the death of the Grantor), then the allocation contemplated by this Paragraph 5.4(a)(1) shall be of no force or effect.

(2) Beach House Property. The Trustee shall allocate to the Marital Trust any interest held by the Trust Estate (or to be acquired by the Trust Estate as a result of the death of the Grantor) in that certain real property located at REDACTED, including any insurance thereon, but subject to any encumbrances secured thereby (collectively, the "Beach House Property"). If the Trust Estate does not own an interest in the Beach House Property at the time of operation of this Paragraph (and will not acquire such an interest in the Beach House Property as a result of the death of the Grantor), then the allocation contemplated by this Paragraph 5.4(a)(2) shall be of no force or effect.

(3) Zumeriz Condo. The Trustee shall allocate to the Marital Trust any interest held by the Trust Estate (or to be acquired by the Trust Estate as a result of the death of the Grantor) in that certain real property located at REDACTED, including any insurance thereon, but subject to any encumbrances secured thereby or any residential real property which was purchased as a substitute residence and which is owned by the Trust Estate (or will be acquired by the Trust Estate as a result of the death of the Grantor) (the "Zumeriz Condo"). If the Trust Estate does not own an interest in the Zumeriz Condo at the time of operation of this Paragraph (and will not acquire such an interest in the Zumeriz Condo as a result of the death of the Grantor), then the allocation contemplated by this Paragraph 5.4(a)(3) shall be of no force or effect.

(4) Palisades Residence. The Trustee shall allocate to the Marital Trust any interest held by the Trust Estate (or to be acquired by the Trust Estate as a result of the death of the Grantor) in that certain real property located at REDACTED, including any insurance thereon, but subject to any encumbrances secured thereby or any residential real property which was purchased as a substitute residence and which is owned by the Trust Estate (or will be acquired by the Trust Estate as a result of the death of the Grantor) (the "Palisades Residence"). If the Trust Estate does not own an interest in the Palisades Residence at the time of operation of this Paragraph (and will not acquire such an interest in the Palisades Residence as a result of the death of the Grantor), then the allocation contemplated by this Paragraph 5.4(a)(4) shall be of no force or effect.

(5) One-Third Beneficial Interest in the Artistic Property Entity. As stated in Paragraph 5.2, the Marital Trust shall hold an undivided one-third (1/3) beneficial interest in the Artistic Property Trust.

(6) 10% Interest in Balance of the Remaining Gross Trust Estate. The Trustee shall next allocate to the Marital Trust property equal in value to ten percent (10%) of the Remaining Gross Trust Estate (as hereafter defined). For purposes of this Trust Agreement, the term "Remaining Gross Trust Estate" shall mean all the property held by the Trust Estate at the date of death of the Grantor (or to be acquired by the Trust Estate as a result of the death of the Grantor), but specifically excluding the following:

- (A) The Artistic Property;
- (B) The property which is the subject of the allocations contemplated by Paragraph 5.4(a)(1), Paragraph 5.4(a)(2), Paragraph 5.4(a)(3) and Paragraph 5.4(a)(4);
- (C) Any proceeds from life insurance policies on the life of the Grantor; and

(D) Any proceeds from Qualified Retirement Plans (as defined in Paragraph 10.2), and further without deduction for

- 1) Death Taxes (as defined in Paragraph 13.8(a));
- 2) Other obligations payable by the Trust Estate at the date of death of the Grantor; and
- 3) Any administrative expenses of the Trust or otherwise relating to the Grantor.

The value of any property included in the Remaining Gross Trust Estate shall be equal to the value of such property as determined on the federal estate tax return of the Grantor. If any of such property is not valued on the federal estate tax return of the Grantor, then the value of such property shall be its net fair market value, as determined by the Trustee, using any reasonable method determined by the Trustee, in the Trustee's sole and absolute discretion. The Trustee's determination of which assets are to be considered part of the Remaining Gross Estate shall be binding upon all beneficiaries.

(b) Alternate Allocation If the Spouse Is Not Living. If the Spouse is not living at the time of allocation pursuant to this Paragraph 5.4(b), the Trustee shall instead make the following allocations:

(1) Specific Allocation to Dylan's Trust. If DYLAN is living at the time of operation of this Paragraph 5.4(b)(1), then the Trustee shall allocate the following assets to a separate Trust ("Dylan's Trust") to be held, administered and distributed in accordance with the provisions of Article 7:

(A) Cash or other property (but specifically not including any interest in the Palisades Residence or the Zumeriz Condo) equal in value to One Million Five Hundred Thousand Dollars (\$1,500,000);

(B) The Palisades Residence; and .

(C) The Zumeriz Condo.

If, however, neither the Spouse nor DYLAN is living at the time of operation of this Paragraph 5.4(b)(1), Dylan's Trust shall not be created, and the allocation contemplated by this Paragraph 5.4(b)(1) shall lapse and be of no force or effect, and the property which would otherwise have been allocated pursuant to this Paragraph 5.4(b)(1) shall remain as part of the Trust Estate, to be distributed as hereinafter provided.

(2) Contingent Allocation of Palisades Residence. If DYLAN is not living at the time of allocation pursuant to Paragraph 5.4(b)(1), but NANCY COSTICK is then living, the Palisades Residence shall be allocated to a separate Trust ("Nancy's Residence Trust"), to be held, administered and distributed in accordance with the provisions of Article 8. The Grantor has intentionally omitted to allocate any cash or other liquid assets to Nancy's Residence Trust to cover the expenses of the Palisades Residence. If NANCY COSTICK is not living at the time of operation of this Paragraph 5.4(b)(2) the allocation contemplated by this Paragraph 5.4(b)(2) shall lapse and be of no force or effect, and the property which would otherwise have been allocated pursuant to this Paragraph 5.4(b)(2) shall remain as part of the Trust Estate, to be distributed as hereinafter provided.

If the Trust Estate does not own an interest in one or more of the properties specifically identified in this Paragraph 5.4(b) at the time of operation of this Paragraph 5.4(b) (and will not acquire an interest in such property as a result of the death of the Grantor), thereby making that item unavailable for allocation, then the allocation of the unavailable property contemplated by this Paragraph 5.4(b) shall be of no force or effect and nothing shall be substituted in its place.

Other than as specifically provided in Paragraph 5.4(b), if the Spouse is not living at the time of allocation pursuant to this Paragraph 5.4, then the Marital Trust shall not be created and all of the assets that would have been allocated to the Marital Trust under the provisions of Paragraph 5.4(a) shall remain as part of the Trust Estate, be allocated to the Issue's Trust in accordance with Paragraph 5.6.

5.5 Conditions Relating to Allocations Under Paragraph 5.4. Notwithstanding the provisions of Paragraph 5.4 and in accordance with the provisions of Paragraph 16.3, if the Spouse elects in lieu of the specific allocations provided under Paragraph 5.4 to pursue any rights she may have to property held as part of the Trust Estate, which may be characterized as community property (although the Grantor believes that all property held under the Trust Estate is his separate property), then the allocations contemplated by Paragraph 5.4 (including any allocations to DYLAN or NANCY COSTICK) shall be of no force or effect and such property shall instead be allocated to the Issue's Trust, to be held as a part thereof and subject to its terms.

5.6 Allocation to Issue's Trust. After the allocations pursuant to the provisions of Paragraph 5.2 and Paragraph 5.4, the remaining Trust Estate shall be allocated to the Issue's Trust, to be held, administered and distributed in accordance with the provisions of Article 9

5.7 Incidence of Taxes; Abatement.

(a) Incidence of Taxes. Without limiting any of the provisions of Paragraph 13.8 and Article 14, it is the intent of the Grantor that all Death Taxes (as

defined in Paragraph 13.8) and all generation-skipping transfer ("GST") taxes, to the extent possible, shall be paid out of the remaining Trust Estate and that the specific allocations made in Paragraph 5.2 and Paragraph 5.4 shall be made free of any Death Taxes and GST taxes.

(b) Abatement. The Grantor acknowledges that the Trust Estate may not be sufficient to fully fund all of the allocations contemplated by Paragraph 5.2 and Paragraph 5.4. Accordingly, it is the intent of the Grantor that the allocations made in Paragraph 5.2 and Paragraph 5.4 shall be made in the following order of preference, so that if the Trust Estate is inadequate to make all of such allocations free of Death Taxes and GST taxes, the following allocations (in the order of priority listed) shall be reduced or eliminated first:

(1) The Remaining Gross Trust Estate shall be reduced or eliminated first;

(2) After the Remaining Gross Trust Estate has been eliminated, then the Trustee shall next reduce or eliminate any specific allocations under the provisions of Paragraph 5.4, specifically excluding any allocation of an interest in the Artistic Property Entity; and

(3) Only after all other property of the Trust Estate has been eliminated, the Trustee may reduce or eliminate any specific allocation of the Artistic Property Entity.

5.8 Selection of Assets for Trusts. Except as otherwise provided in this Article, the Trustee shall have full power and sole discretion to satisfy the allocation to the Trusts created under this Article wholly or partly in cash or in kind and to select the assets which shall constitute that allocation. The assets allocated in kind shall be deemed to satisfy the allocations set forth in this Trust Agreement on the basis of their net fair market values as finally determined for federal estate tax purposes. The Trustee shall select property to satisfy these amounts so that any appreciation or depreciation that has occurred in the value of Trust property between the applicable valuation date and the date of allocation shall be fairly representative between the Marital Trust and the Issue's Trust. The Trustee shall satisfy the amount allocated to the Marital Trust with assets eligible for the federal estate tax marital deduction. To the extent that other assets which qualify for the federal estate tax marital deduction are available, there shall not be allocated to the Marital Trust any one or more of the following:

(a) Any assets with respect to which any estate or death taxes are paid to any foreign country or any of its possessions or subdivisions.

(b) Any assets which are located outside the borders of the United States.

(c) Unmatured life insurance policies.

Notwithstanding anything in this Article to the contrary, to the extent possible, assets which constitute income in respect of a decedent shall be first allocated to the Marital Trust. All unclaimed administration expenses attributable in whole or in part to the Marital Trust shall be paid from the Issue's Trust (regardless of any other clause in this Trust Agreement or applicable law allocating administration expenses). The term "unclaimed administrative expenses" shall mean administration expenses, described in Sections 2053(a)(2) and 2053(b) of the Internal Revenue Code, that are eligible for deduction on the Grantor's federal estate tax return but that are not allowed on that return because they are claimed as deductions on the income tax return of the Grantor's estate.

5.9 Discretion to Defer Distribution. When the Trustee is directed to make a distribution of Trust assets or a division of Trust assets to separate Trusts or shares on the death of the Grantor, the Trustee may, in the sole and absolute discretion of the Trustee, defer that distribution or division until six (6) months after the Grantor's death. Notwithstanding the preceding sentence, the interest of the Spouse in the Marital Trust shall vest immediately on the death of the Grantor. When the Trustee defers distribution or division of the Trust assets, the deferred distribution or division shall be made as if it had taken place at the time set forth in this Trust Agreement for that distribution or division in the absence of this Paragraph, and all rights given to the Beneficiaries of those Trust assets under other provisions of this Trust Agreement shall be deemed to have accrued and vested as of that prescribed time.

5.10 Simultaneous Death. In the event the Grantor and the Spouse die simultaneously or under circumstances that make it difficult or impossible to determine which of them survived the other, then, for purposes of the division of the Trust Estate under this Article, the Trustee shall presume that the one of the Grantor and the Spouse who has the larger "Gross Estate" as defined in Section 2031 of the Internal Revenue Code, reduced by the deductions allowed by Sections 2053 and 2054 of the Internal Revenue Code, predeceased the other.

ARTICLE 6

ADMINISTRATION OF MARITAL TRUST:

6.1 Administration of Marital Trust as Set Forth in This Article. From and after the death of the Grantor, the income and principal of the Marital Trust shall be held, administered and distributed during the lifetime of the Spouse as hereinafter set forth. During the lifetime of the Spouse, the Trustee shall not make any distributions of principal or income of the Marital Trust to any person other than the Spouse. The Grantor intends that, to the extent determined by the executor under the Will of the Grantor, in its sole discretion, or by such other person who can make the election in the

absence of an executor, the Marital Trust will qualify for the federal estate tax marital deduction under Section 2056 of the Internal Revenue Code. In no event shall the Trustee take any action or have any power that will impair the federal estate tax marital deduction, and any such power shall be void. All provisions regarding the Marital Trust shall be interpreted to conform to the primary objective that the marital deduction shall be allowable.

6.2 Income to Spouse for Life. Commencing immediately on the date of death of the Grantor, all net income of the Marital Trust shall be distributed by the Trustee in monthly or other convenient installments, but not less frequently than quarterly, to the Spouse as long as she lives.

6.3 Power of Spouse Regarding Non-Productive Property. During the life of the Spouse, the Spouse shall have the power to require the Trustee to make all or part of the principal of the Marital Trust productive or convert promptly any unproductive part into productive property. This power shall be exercised by the Spouse in a written instrument delivered to the Trustee.

6.4 Support of Spouse. Notwithstanding anything to the contrary contained in this Article, it shall be the discretionary duty of the Trustee, from time to time, to distribute to or apply for the use and benefit of the Spouse for the proper and reasonable support, maintenance and health of the Spouse, all or any part of the principal of the Marital Trust. Subject to the foregoing, distributions to the Spouse under this Paragraph shall be on the basis of maintaining the standard of living to which the Spouse was accustomed at the time of the death of the Grantor. In making any distributions of principal to or for the Spouse under this Paragraph, the Trustee shall take into consideration, to the extent the Trustee deems advisable, any income or other resources of the Spouse, outside of the Marital Trust, known to the Trustee and reasonably available for those purposes.

6.5 Distribution of Marital Trust Upon the Death of the Spouse. Upon the death of the Spouse, the Trustee shall distribute any accrued but undistributed income of the Marital Trust to such one or more persons and entities, including the estate of the Spouse, on such terms and conditions, either outright or in trust, as the Spouse shall appoint by a Will or other written instrument, specifically referring to and exercising this power of appointment. In the event that the Spouse does not exercise the foregoing power of appointment, such income shall be added to the principal of the Marital Trust. The then balance of the principal of the Marital Trust shall be allocated and distributed as follows:

(a) If DYLAN Is Living. If DYLAN survives his mother and is living at the time of allocation hereunder, then the Trustee shall allocate the following assets to Dylan's Trust:

(1) Cash or other property (but specifically not including any interest in the Artistic Property Entity or the Malibu Residence) equal in value to One Million Five Hundred Thousand Dollars (\$1,500,000).

(2) The Palisades Residence; and

(3) The Zumeriz Condo.

If, however, DYLAN is not living at the time of allocation hereunder, Dylan's Trust shall not be created, and the allocation contemplated by this Paragraph 6.5(a) shall lapse and be of no force or effect, and the property which would otherwise have been allocated pursuant to this Paragraph 6.5(a) shall remain as part of the Trust Estate, to be distributed as hereinafter provided.

(b) If DYLAN Is Not Living, But NANCY COSTICK Is Then Living. If DYLAN is not living at the time of allocation hereunder, but NANCY COSTICK is then living, the Palisades Residence shall be allocated to Nancy's Trust.

If the Trust Estate does not own an interest in one or more of the properties specifically identified in Paragraph 6.5(a) or Paragraph 6.5(b) at the time of allocation pursuant to this Paragraph 6.5, thereby making that item unavailable for allocation, then the allocation of the unavailable property contemplated by Paragraph 6.5(a) or Paragraph 6.5(b) (as the case may be) shall be of no force or effect and nothing shall be substituted in its place.

(c) Remaining Marital Trust Assets. The balance of the principal of the Marital Trust remaining after the allocations pursuant to Paragraph 6.5(a) or Paragraph 6.5(b) (if any) shall be added to the Issue's Trust, to be held as a part thereof and subject to all of its terms.

ARTICLE 7

ADMINISTRATION OF DYLAN'S TRUST:

7.1 Administration of Dylan's Trust as Set Forth in This Article. The Trustee shall retain, divide, administer or distribute Dylan's Trust as set forth in this Article.

7.2 Dylan's Trust for the Benefit of DYLAN. Dylan's Trust shall be held as a single Trust for the benefit of DYLAN.

7.3 Distribution of Income. Subject to the remaining provisions of this Article, the net income of Dylan's Trust shall be distributed to or applied for the use and

benefit of DYLAN in monthly or other convenient installments, but not less frequently than quarter-annually.

7.4 Income for Beneficiary Under Certain Age. Notwithstanding anything to the contrary herein, if DYLAN shall become entitled to income from Dylan's Trust before he has reached the age of twenty-two (22) years, then the Trustee shall continue to hold the income from Dylan's Trust in trust, with like powers as to management and investment thereof as herein set out and shall use and apply that income, as the Trustee may deem necessary, directly for the proper and reasonable support, maintenance, health and education of DYLAN. Any unexpended part of the net income of Dylan's Trust shall be added to the principal until DYLAN reaches the age of twenty-two (22) years, from and after which time DYLAN shall be entitled to the net income from Dylan's Trust as hereinbefore set forth. Income not expended for DYLAN shall become principal of Dylan's Trust and shall be distributed as hereinafter set forth in this Article.

7.5 Distribution of Principal. Until complete distribution pursuant to the provisions of this Paragraph, the Trustee may distribute to or apply for the benefit of DYLAN, out of the principal of Dylan's Trust, those sums as the Trustee, in the Trustee's discretion, considers necessary for DYLAN's proper support, maintenance, health and education, after taking into consideration, to the extent the Trustee considers advisable, any income or other resources of DYLAN, outside of any Trust created pursuant to this Trust Agreement known to the Trustee and reasonably available for those purposes. When DYLAN shall attain the following ages, the Trustee shall distribute to DYLAN the following portion of the principal of Dylan's Trust:

<u>Age</u>	<u>Portion of Dylan's Trust to Be Distributed</u>
Twenty-five (25) years	One-third (1/3) of the balance of Dylan's Trust
Thirty-three (33) years	One-half (1/2) of the balance of Dylan's Trust
Forty (40) years	The balance of Dylan's Trust, together with any undistributed income therefrom.

If DYLAN has already reached any one or more of those ages upon the creation of Dylan's Trust, the Trustee shall distribute to DYLAN that portion or all of Dylan's Trust based on the age or ages set forth above and reached by DYLAN at that time. The Trustee shall determine that portion of Dylan's Trust to distribute by treating DYLAN as first reaching the first age level mentioned above and then, if applicable, proceeding to the next age level (and subsequent levels, if appropriate).

7.6 Distribution of Dylan's Trust Upon the Death of DYLAN. If DYLAN shall die prior to receiving full distribution of Dylan's Trust, the undistributed balance of Dylan's Trust shall be allocated as follows:

(a) If NANCY COSTICK Is Then Living. If NANCY COSTICK is living at the time of allocation hereunder, and if Dylan's Trust includes an interest in the Palisades Residence, such residence shall be allocated to Nancy's Residence Trust.

(b) Remaining Dylan's Trust Assets. The balance of the principal of Dylan's Trust remaining after the allocation pursuant to Paragraph 7.6(a) (if any) shall be added to the Issue's Trust, to be held as a part thereof and subject to all of its terms.

ARTICLE 8

ADMINISTRATION OF NANCY'S RESIDENCE TRUST:

8.1 Administration of Nancy's Residence Trust as Set Forth in This Article. The Trustee shall retain, administer or distribute Nancy's Residence Trust as set forth in this Article.

8.2 Distribution of Income. The net income of Nancy's Residence Trust shall be distributed to or applied for the use and benefit of NANCY COSTICK in monthly or other convenient installments, but not less frequently than quarter-annually.

8.3 Support of NANCY COSTICK. Notwithstanding anything to the contrary contained in this Article, at any time that Nancy's Residence Trust holds cash or other liquid assets, it shall be the discretionary duty of the Trustee, from time to time, to distribute to or apply for the use and benefit of NANCY COSTICK for her proper and reasonable support, maintenance and health, all or any part of the principal of Nancy's Residence Trust. Subject to the foregoing, distributions to NANCY COSTICK under this Paragraph shall be on the basis of maintaining the standard of living to which NANCY COSTICK was accustomed at the time of the death of the Grantor. In making any distributions of principal to or for the benefit of NANCY COSTICK under this Paragraph, the Trustee shall take into consideration, to the extent the Trustee deems advisable, any income or other resources of NANCY COSTICK, outside of Nancy's Residence Trust, known to the Trustee and reasonably available for those purposes.

8.4 No Distributions of Principal. The Trustee shall not make any distributions of principal from Nancy's Residence Trust, except upon termination of Nancy's Residence Trust.

8.5 Nancy's Residence for the Benefit of NANCY COSTICK. The Trustee is authorized and directed to allow NANCY COSTICK to use and occupy the Palisades Residence as her residence without payment of rent therefor during her lifetime.

(a) Expenses of Residence. To the extent possible, the Trustee shall pay from Nancy's Residence Trust the proportionate share of the costs and expenses of maintaining any residence held by Nancy's Residence Trust (whether the Palisades Residence or a Substitute Residence), including, but not limited to, property taxes, assessments (specifically including, but not limited to, condominium association dues), fire and casualty insurance premiums, maintenance costs, ordinary repairs and replacements, utilities and grounds maintenance (collectively, the "Residence Expenses"). To the extent possible, the Trustee shall also pay from Nancy's Residence Trust the proportionate share of any notes secured by mortgages or deeds of trust on any residence (whether the Palisades Residence or a Substitute Residence) held by Nancy's Residence Trust. However, if, as is anticipated, Nancy's Residence Trust does not have sufficient assets to pay the Residence Expenses, then NANCY COSTICK shall be responsible for all such payments. If NANCY COSTICK fails to pay such Residence Expenses within sixty (60) days of a written demand for such payment, then the Trustee is authorized to mortgage the Palisades Residence (or any Substitute Residence), subject to NANCY COSTICK's consent, in order to acquire funds for such expenses, whereupon NANCY COSTICK shall be responsible for all payments of mortgage interest and principal, or to sell Nancy's Residence (or any Substitute Residence) without the consent of NANCY COSTICK. The Trustee shall hold, administer and distribute the net proceeds of the sale or any refinance of the Palisades Residence (or any Substitute Residence) under the terms of this Article.

(b) Substitute Residence. Upon the written request of NANCY COSTICK (and subject to the approval of the Trustee based upon all circumstances then existing, including the ability of NANCY COSTICK to provide for the payment of expenses relating to the Substitute Residence from her own funds), the Trustee shall sell or otherwise transfer the interest of Nancy's Residence Trust in Nancy's Residence and shall purchase, acquire or build a residence of equal or lesser value (the "Substitute Residence"). Title to the Substitute Residence shall be taken in the name of the Trustee of Nancy's Residence Trust as to the interest so purchased or otherwise acquired, and NANCY COSTICK shall be allowed to occupy the Substitute Residence on the terms previously set out in this Paragraph. If NANCY COSTICK does not request acquisition of a Substitute Residence, or if the Substitute Residence is of lesser value, the Trustee shall invest the proceeds of that sale, or the amount not reinvested in the Substitute Residence, as the case may be, and shall administer and distribute the income and principal of those funds under the terms of this Article.

(c) Sale of Residence Under Certain Circumstances. If NANCY COSTICK ever ceases to occupy a residence held by Nancy's Residence Trust (whether Nancy's Residence or a Substitute Residence), the Trustee may sell the interest of Nancy's Residence Trust in that residence.

(d) Use of Sales Proceeds. If at any time while NANCY COSTICK is living, the Trustee sells Nancy's Residence (or any Substitute Residence) and either (1) does not acquire a Substitute Residence or (2) acquires a Substitute Residence which is lesser in value than Nancy's Residence (or the Substitute Residence which is being sold), the sales proceeds (or the sales proceeds remaining after purchase of the Substitute Residence), the Trustee shall invest the proceeds of that sale, or the amount not reinvested in the Substitute Residence, as the case may be, and shall administer and distribute the income and principal of those funds under the terms of this Article.

(e) Trustee's Power to Require Proof of Compliance with Terms of Nancy's Residence Trust. The Trustee shall have the power to demand any and all assurances from NANCY COSTICK that all Residence Expenses are being paid currently, including the ability to demand that Nancy's Residence Trust be named as a "designated third party" entitled to copies of billing statements relating to the Residential Expenses.

(f) Definition of "Residence". As used in this Paragraph, the word "residence" shall mean Nancy's Residence as originally distributed to the Trustee and/or any other Substitute Residence acquired in accordance with the provisions of this Paragraph, whether occupied on a full-time or part-time basis, including resort property. Further, the term "residence" as used in this Paragraph shall include, without limitation, a dwelling house, mobile home, condominium, co-operative, own-your-own apartment unit and any other residential unit, including life care in a retirement facility.

8.6 Distribution of Nancy's Residence Upon the Death of NANCY COSTICK. Upon the death of NANCY COSTICK, Nancy's Residence Trust shall terminate. Upon termination, any property remaining in Nancy's Residence Trust shall be allocated to the Issue's Trust, to be held as a part thereof and subject to its terms.

ARTICLE 9

ADMINISTRATION OF ISSUE'S TRUST:

9.1 Administration of Issue's Trust as Set Forth in This Article. The Trustee shall retain, divide, administer or distribute the Issue's Trust, including any assets received from time to time subsequent to the death of the survivor of the Grantor and the Spouse by the Issue's Trust, as set forth in this Article.

9.2 Division and Allocation of Issue's Trust. The Trustee shall divide the Issue's Trust into as many equal shares as there are children of the Grantor then living and children of the Grantor then deceased leaving issue then living. The Trustee shall allocate one (1) equal share to each living child of the Grantor and one (1) equal share to each group composed of the living issue of a deceased child of the Grantor, to be further allocated in subshares among those issue by right of representation. Each share or subshare established pursuant to this Paragraph shall be a separate Trust (an "Article 9 Trust"), to be held, administered and distributed in accordance with the remaining provisions of this Article. With respect to any benefits of a Qualified Retirement Plan (as hereafter defined in the Article entitled "Administration of Retirement Plan Trusts") to be allocated to the Issue's Trust, such benefits shall be specifically allocated among the Beneficiaries of the Issue's Trust (determined pursuant to this Paragraph in accordance with the foregoing principles set forth in this Paragraph). The share of such benefits allocated to each Beneficiary of the Issue's Trust shall be held by the Qualified Retirement Plan administrator as a separate account in accordance with the Article entitled "Administration of Retirement Plan Trusts."

9.3 Distribution of Income of Article 9 Trust. Subject to the remaining provisions of this Article, the net income of an Article 9 Trust shall be distributed to or applied for the use and benefit of the respective Beneficiary thereof in monthly or other convenient installments, but not less frequently than quarter-annually.

9.4 Income of Article 9 Trusts for Beneficiary Under Certain Age. Notwithstanding anything to the contrary herein, if any Beneficiary of an Article 9 Trust shall become entitled to income from that Beneficiary's Article 9 Trust before that Beneficiary has reached the age of twenty-two (22) years, then the Trustee shall continue to hold the income from that Beneficiary's Article 9 Trust in trust, with like powers as to management and investment thereof as herein set out and shall use and apply that income, as the Trustee may deem necessary, directly for the proper and reasonable support, maintenance, health and education of the Beneficiary. Any unexpended part of the net income shall be added to the principal until that Beneficiary reaches the age of twenty-two (22) years, from and after which time that Beneficiary shall be entitled to the net income from that Beneficiary's Article 9 Trust as hereinbefore set forth. Income not expended for a Beneficiary shall become principal of that Beneficiary's Article 9 Trust and shall be distributed as hereinafter set forth in this Article.

9.5 Distributions of Principal from Article 9 Trusts. Until complete distribution pursuant to the provisions of this Paragraph, the Trustee may distribute to or apply for the benefit of each Beneficiary or that Beneficiary's issue, out of the principal of that Beneficiary's Article 9 Trust, those sums as the Trustee, in the Trustee's discretion, considers necessary for the proper support, maintenance, health and education of any one or more of that Beneficiary or that Beneficiary's issue, after taking into consideration, to the extent the Trustee considers advisable, any income or other resources of the

Beneficiary or that Beneficiary's issue, as appropriate, outside of any Trust created pursuant to this Trust Agreement known to the Trustee and reasonably available for those purposes; provided, however, that no portion of the amount or amounts so distributed may be used to discharge any obligation of a parent of such issue to support any of those issue. Any distribution or application of benefits to or for any issue of a Beneficiary under this Paragraph shall be charged against that Beneficiary's Article 9 Trust as a whole, rather than against any potential ultimate distributive share of the issue (or such issue's lineal ancestors or lineal descendants) to whom or for whose benefit the distribution is made. When any Beneficiary shall attain the following ages, the Trustee shall distribute to that Beneficiary the following portion of the principal of that Beneficiary's Article 9 Trust:

<u>Age</u>	<u>Portion of Article 9 Trust to Be Distributed</u>
Twenty-five (25) years	One-third (1/3) of the balance of the Article 9 Trust
Thirty-three (33) years	One-half (1/2) of the balance of the Article 9 Trust
Forty (40) years	The balance of the Article 9 Trust, together with any undistributed income therefrom.

If any Beneficiary of an Article 9 Trust has already reached any one or more of those ages upon the death of the Grantor or at any later time when the Article 9 Trust for such Beneficiary is created, the Trustee shall distribute to that Beneficiary that portion or all of that Beneficiary's Article 9 Trust based on the age or ages set forth above and reached by that Beneficiary at that time. The Trustee shall determine that portion of the Beneficiary's Article 9 Trust to distribute by treating the Beneficiary as first reaching the first age level mentioned above and then, if applicable, proceeding to the next age level (and subsequent levels, if appropriate).

9.6 Distribution of Article 9 Trust Upon the Death of a Beneficiary.

Upon the death of a Beneficiary of an Article 9 Trust, the undistributed balance of that Beneficiary's Article 9 Trust shall be allocated into separate Article 9 Trusts among the issue of that deceased Beneficiary, with allocation to be made among such issue by right of representation. If there is no then-living issue of that deceased Beneficiary, the deceased Beneficiary's Article 9 Trust shall be divided into shares and/or subshares for the then-living issue of that deceased Beneficiary's nearest ancestor (provided any such issue is a lineal descendant of the Grantor) not more remote than the Grantor, with allocation to be made among such issue by right of representation. Any share so established for either (a) the issue of that deceased Beneficiary or (b) the issue of that deceased Beneficiary's nearest ancestor not more remote than the Grantor (provided any such issue is a lineal descendant of the Grantor) shall be held in trust and distributed in

accordance with this Article. However, if any part of that deceased Beneficiary's Article 9 Trust would otherwise be held in trust for a Beneficiary for whose benefit a Trust is already then being administered under this Trust Agreement, that part shall instead be added to that Trust and shall thereafter be administered according to its terms, except that, if that Trust provides for distribution in installments and if that Beneficiary has received a fractional distribution of that Trust pursuant to its terms, then there shall be distributed to that Beneficiary, free of trust, a fraction of that part equal to the fraction of that Beneficiary's interest previously distributed to that Beneficiary.

9.7 Contingent Beneficiaries. If at the time of the death of the Grantor, or at any later time before full distribution of the Trust Estate, no other disposition of the Issue's Trust (or the Article 9 Trusts created thereunder) is directed by this Trust Agreement, the property remaining in the Issue's Trust (or the Article 9 Trusts created thereunder) (collectively, the "Remaining Article 9 Property") shall be distributed, free of trust, to the Spouse. If the Spouse is not living at the time of operation of this Paragraph, then the Remaining Article 9 Property shall be distributed, free of trust, to those persons who would then be the heirs of the Grantor, their identities and respective shares to be determined as though the death of the Grantor had occurred at that time, in accordance with the laws of the State of California then in effect relating to the succession of separate property not acquired from a predeceased spouse or ancestor.

ARTICLE 10

ADMINISTRATION OF RETIREMENT PLAN TRUSTS:

10.1 Administration of Retirement Plan Trusts As Set Forth in This Article. Notwithstanding anything in this Trust Agreement to the contrary, if the Trust created under this Trust Agreement or any other Trust created hereunder is named as the beneficiary of the Grantor's Qualified Retirement Plan (as defined below), there shall be created for a Beneficiary hereunder a separate subshare or subtrust from that Beneficiary's share or Trust, as the case may be (the Beneficiary's "Primary Trust"), which subshare or subtrust shall receive the benefits directly from the Qualified Retirement Plan on behalf of that Beneficiary. The amount allocated to each Beneficiary shall be determined under the provisions of the designated Trust created under this Trust Agreement. Each Beneficiary's separate subtrust created from that Beneficiary's Primary Trust shall be referred to as the "[Name of Beneficiary] Retirement Plan Trust." Each Beneficiary's Retirement Plan Trust may be further divided into an "Exempt Trust" and a "Nonexempt Trust," as provided in the Paragraph entitled "Creation of Separate Trusts Based Upon Inclusion Ratio." Each Beneficiary's Retirement Plan Trust shall be administered and distributed in accordance with the provisions of this Article.

10.2 Qualified Retirement Plan. The term "Qualified Retirement Plan" refers to any employee benefit plan or individual retirement arrangement that is allowed

to accumulate any part of its earnings on an income tax deferred basis under the Internal Revenue Code, including by way of example and not limitation, plans described under sections 401, 403, 408, 408A and 457 of the Internal Revenue Code. A Qualified Retirement Plan includes a plan that is reasonably believed to qualify under one or more sections of the Internal Revenue Code, even if it is subsequently determined that such plan does not so qualify.

10.3 Distributions During Life of Beneficiary. During the life of the Beneficiary, the Trustee shall distribute each year to or for the benefit of the Beneficiary from the Beneficiary's Retirement Plan Trust all amounts distributed from the Qualified Retirement Plan to the Beneficiary's Retirement Plan Trust in that year (net of expenses), but disregarding distributions taken by the Trustee from the Qualified Retirement Plan to the extent applied to pay Death Taxes and GST taxes (if any) and income taxes thereon paid in accordance with Paragraph 10.4 below. During the life of the Beneficiary, no distributions may be made to anyone other than the Beneficiary in accordance with such Beneficiary's Retirement Plan Trust.

10.4 Death Taxes. The Trustee may pay Death Taxes and GST taxes (if any) attributed to the Qualified Retirement Plan allocated to the Beneficiary's Retirement Plan Trust out of other assets allocated to a Trust for the benefit of the Beneficiary or from funds received by the Trustee from the Beneficiary. To the extent the Death Taxes and GST taxes (if any) attributed to the Qualified Retirement Plan are not paid out of other assets, the Trustee shall pay such Death Taxes and GST taxes (if any) and a reasonable allowance for income tax payable by the Trustee thereon out of distributions from the Qualified Retirement Plan.

10.5 Not Liable for Debts, Expenses or Taxes of Other Trust Assets. Notwithstanding anything in this Trust Agreement to the contrary, any benefit under a Qualified Retirement Plan payable to a Beneficiary's Retirement Plan Trust shall not be used to pay any debts, expenses and/or taxes of the Grantor or of any other Trust created under this Trust Agreement.

10.6 Withdrawals from Qualified Retirement Plan and Trustee's Discretion to Accelerate. Each year, the Trustee shall withdraw from the Qualified Retirement Plan, the minimum required distribution under Section 401(a)(9) of the Internal Revenue Code and the Treasury Regulations thereunder as they may be amended from time to time. The Trustee is authorized to make or not make distribution elections to accelerate or defer distributions from the Qualified Retirement Plan to the Beneficiary's Retirement Plan Trust, taking into account, to the extent that the Trustee deems advisable, the tax consequences of such elections and the liquidity needs of the Beneficiary's Retirement Plan Trust and its Beneficiary. Upon a Beneficiary reaching the age or ages for distribution (if any) under that Beneficiary's Primary Trust, the Beneficiary shall have the power to direct the Trustee to make withdrawals from that

Beneficiary's Qualified Retirement Plan as to such portion or portions of the Beneficiary's Retirement Plan Trust as would have been distributed to such Beneficiary under the Beneficiary's Primary Trust. The Trustee shall be relieved of any liability or responsibility for any Beneficiary-directed action. Upon the Beneficiary reaching the age for final distribution (if any) under that Beneficiary's Primary Trust, that Beneficiary shall immediately become the Trustee of that Beneficiary's Retirement Plan Trust.

10.7 Distribution upon Beneficiary's Death. Upon the death of the Beneficiary, any balance in the Beneficiary's Retirement Plan Trust shall be distributed in accordance with the principles of that Beneficiary's Primary Trust.

ARTICLE 11

SUCCESSOR TRUSTEE:

11.1 Designated Successor Trustee. If THOMAS EARL PETTY shall become unable to serve or otherwise cease to act as Trustee hereunder, then, subject to the provisions of Paragraph 11.2 and Paragraph 11.3, the following named alternative successor Trustees shall serve in the order listed:

FIRST: SPOUSE
SECOND: ADRIA
THIRD: BERNARD H. GUDVI.

11.2 Trustee of Dylan's Trust. Notwithstanding the provisions of the Paragraph 10.1 or any other provisions in this Trust Agreement to the contrary, if Dylan's Trust is created, NANCY COSTICK shall act as Trustee of Dylan's Trust. If NANCY COSTICK shall fail to qualify, become unable to serve or otherwise cease to act as Trustee of Dylan's Trust, then the Trustee serving under Paragraph 11.1 shall act as successor Trustee of Dylan's Trust.

11.3 Trustees of Article 9 Trusts. Notwithstanding the provisions of Paragraph 11.1 or any other provisions in this Trust Agreement to the contrary, the following individuals shall serve as Co-Trustees or sole Trustee of the Article 9 Trusts created for the following Beneficiaries:

(a) ADRIA's Article 9 Trust. BERNARD H. GUDVI and ADRIA shall act as Co-Trustees of any Article 9 Trust created for the benefit of ADRIA. If either BERNARD H. GUDVI or ADRIA shall fail to qualify, become unable to serve or otherwise cease to act as Co-Trustee of ADRIA's Article 9 Trust, then the remaining Co-Trustee shall act as sole Trustee of ADRIA's Article 9 Trust. Notwithstanding the foregoing, if ADRIA's Article 9 Trust is still in effect five (5) years after its creation (in other words, it has not yet been fully distributed to ADRIA pursuant to its terms), and further if BERNARD H. GUDVI is acting as Co-Trustee with ADRIA at that time, then

BERNARD H. GUDVI shall resign as Co-Trustee and ADRIA shall thereafter serve as sole Trustee of ADRIA's Article 9 Trust.

(b) KIM's Article 9 Trust. BERNARD H. GUDVI and KIM shall act as Co-Trustees of any Article 9 Trust created for the benefit of KIM. If either BERNARD H. GUDVI or KIM shall fail to qualify, become unable to serve or otherwise cease to act as Co-Trustee of KIM's Article 9 Trust, then the remaining Co-Trustee shall act as sole Trustee of KIM's Article 9 Trust. Notwithstanding the foregoing, if KIM's Article 9 Trust is still in effect five (5) years after its creation (in other words, it has not yet been fully distributed to KIM pursuant to its terms), and further if BERNARD H. GUDVI is acting as Co-Trustee with KIM at that time, then BERNARD H. GUDVI shall resign as Co-Trustee and KIM shall thereafter serve as sole Trustee of KIM's Article 9 Trust.

(c) Article 9 Trusts for the Benefit of Issue of ADRIA and/or KIM. BERNARD H. GUDVI shall act as sole Trustee of any Article 9 Trust created for the benefit of any issue of ADRIA and/or KIM.

11.4 Special Provisions Regarding Non-Resident Fiduciaries.

Notwithstanding the provisions of the foregoing Paragraph or any other provision in this Trust Agreement, if at any time an individual (the "Non-Resident Fiduciary") who is named or nominated as a Trustee or successor Trustee of any irrevocable trust created hereunder is not a United States citizen or a United States resident for United States federal income tax purposes, then the next named successor Trustee shall act as Co-Trustee with the Non-Resident Fiduciary, provided such named successor Trustee is a United States citizen or United States resident for United States federal income tax purposes. If the next named successor Trustee shall fail to qualify, become unable to serve or otherwise cease to act as Co-Trustee hereunder, then the next named successor Trustee, if any, shall act as Co-Trustee with the Non-Resident Fiduciary, provided such named successor Trustee is a United States citizen or United States resident for United States federal income tax purposes. If there are no named successor Trustees or if all the named successor Trustees shall fail to qualify, become unable to serve or otherwise cease to act as Co-Trustee hereunder, then the Non-Resident Fiduciary shall either (a) exercise the Non-Resident Fiduciary's power under this Article to designate a Co-Trustee (either an individual or a Corporate Trustee) who is a United States citizen or a United States domestic corporation, who or which is not a related or subordinate party to the Non-Resident Fiduciary within the meaning of Section 672(c) of the Internal Revenue Code, to serve with the Non-Resident Fiduciary or (b) if the Non-Resident Fiduciary fails to exercise such power, the adult Beneficiaries and the guardians of any minor Beneficiaries of any Trust created hereunder, acting by majority vote, shall name a Co-Trustee (either an individual or a Corporate Trustee) who is a United States citizen or a United States domestic corporation, who or which is not a related or subordinate party to the Non-Resident Fiduciary within the meaning of Section 672(c) of the Internal

Revenue Code, to serve with the Non-Resident Fiduciary. Moreover, notwithstanding the foregoing, unless the Non-Resident Fiduciary is a United States citizen or United States resident for United States federal income tax purposes, at no time shall the Non-Resident Fiduciary have the authority to control any substantial decisions of the Trust, and the Co-Trustee who is acting with the Non-Resident Fiduciary shall solely control all such decisions.

11.5 Power to Designate a Successor Trustee. If at any time, any individual is named or acting as a Trustee hereunder and there is no named successor Trustee to that individual or the named successor is then unavailable to act as Trustee hereunder, then that individual shall have the power:

(a) to designate one or more successor Trustees or Co-Trustees who shall act as Trustee or Co-Trustees hereunder, as the case may be, in the order designated if and when that individual ceases to act as Trustee hereunder, or

(b) to designate a Co-Trustee to serve only with such individual.

If, at any time, any individual is named as a Trustee hereunder and there is a named successor Trustee or Trustees, that individual shall have the foregoing power:

(1) contingent upon such named successor(s) not being available to serve as Trustee at the time needed, or

(2) when such named successor(s) ceases to act as Trustee hereunder.

The foregoing power may be exercised by a Trustee by giving written notice of the designation of a successor Trustee to the then-living adult Beneficiaries, the guardians of any minor Beneficiaries and the conservators of any incapacitated Beneficiaries, and as otherwise required by law. If more than one individual named Trustee exercises the foregoing power, priority shall be given to the designations of the earlier named Trustee hereunder, irrespective of the order in time that the foregoing notices were given. A Co-Trustee shall have the same power to nominate successors as granted to a sole Trustee hereunder, except that if two or more Co-Trustees make such designation, the named successor Trustees of a Co-Trustee shall be deemed to be named successor Co-Trustees (to serve in the order of priority designated) with the named successor Trustees (also to serve in the order of priority designated) of the other one or more Co-Trustees who made such designation. Any designation pursuant to this Paragraph may be revoked or amended by such Trustee by giving written notice in the same manner as the designation was made as provided above. Any Trustee designated pursuant to this Paragraph shall have all of the powers conferred upon a named Trustee under this Trust Agreement, shall

serve without bond and shall for all other purposes be treated as a named Trustee under this Trust Agreement.

11.6 Right of Trustee to Resign. Any Trustee acting as a Trustee under any Trust created hereunder may resign and be discharged from acting as a Trustee of that Trust by giving written notice of its resignation to any remaining Co-Trustee, to the adult Beneficiaries, to the guardians of any minor Beneficiaries and to the conservators of any incapacitated Beneficiaries. The notice shall be served personally or by certified or registered mail, postage prepaid, return receipt requested, and shall specify the date when the resignation shall take effect. The effective date of the resignation shall be at least thirty (30) days after the service or mailing thereof, unless the person or persons to whom notice of the resignation shall have been given shall otherwise consent. The adult Beneficiaries, the guardians of any minor Beneficiaries and to the conservators of any incapacitated Beneficiaries, unless a successor Trustee is designated or otherwise appointed as provided in this Trust Agreement, may by action of a majority in interest, in a written instrument, designate a successor Trustee or Co-Trustees (either individual Trustees and/or a Corporate Trustee) for the Trusts herein created; provided that any designated successor Corporate Trustee has either (a) a combined capital and surplus (including the capital and surplus of its affiliated entities) of at least Fifty Million Dollars (\$50,000,000), or (b) assets under management (including assets under management by its affiliated entities) of at least One Billion Dollars (\$1,000,000,000) and provided further, that the Beneficiaries shall not be permitted to designate any individual Trustee who is considered to be a related or subordinate party subservient to the wishes of any Beneficiary, within the meaning of Internal Revenue Code Section 672(c) or any successor to that Section.

11.7 Declination of a Named Successor Trustee. Any person or Corporate Trustee named as a successor Trustee under the Trust may decline at any time to act as Trustee of any Trust created hereunder by giving written notice of declination to the acting Trustee. If there is no acting Trustee at that time, notice shall instead be given to the next named Trustee or, if none is named, then to the adult Beneficiaries, the guardians of any minor Beneficiaries and to the conservators of any incapacitated Beneficiaries. The notice may be served personally, or by certified or registered mail, postage prepaid, return receipt requested.

11.8 Substitution of Corporate Trustee. At any time that a Corporate Trustee is serving as Trustee of any Trust created pursuant to the provisions of this Trust Agreement, the adult Beneficiaries, the guardians of any minor Beneficiaries and the conservators of any incapacitated Beneficiaries of such Trusts shall have the power, by action of a majority in interest (except for the Administrative Trust which shall require unanimity), to transfer the administration of those Trusts to a new Corporate Trustee who has either (a) a combined capital and surplus (including the capital and surplus of its affiliated entities) of at least Fifty Million Dollars (\$50,000,000), or (b) assets under

management (including assets under management by its affiliated entities) of at least One Billion Dollars (\$1,000,000,000). The substitution of a new Corporate Trustee shall be made by the giving of written notice by the adult Beneficiaries, the guardians of any minor Beneficiaries and the conservators of any incapacitated Beneficiaries, directed to the then-acting Corporate Trustee, indicating the desire of the adult Beneficiaries, the guardians of any minor Beneficiaries and the conservators of any incapacitated Beneficiaries to effect a substitution in the office of Corporate Trustee and designating the new Corporate Trustee selected. Upon securing the approval of the transfer and substitution by a court of competent jurisdiction to the extent that the approval may be required by law, or within thirty (30) days after receipt of the above-mentioned notice, the Corporate Trustee then serving as Trustee hereunder shall transfer and convey the entire interest of that Corporate Trustee in the Trust Estate to the new and substituted Corporate Trustee. The purposes of the foregoing provisions are to insure harmonious relations between the Corporate Trustee and the Beneficiaries, and to further the effective and efficient management of the Trusts created hereunder. At any time that a Corporate Trustee is named as a Trustee of any Trust created pursuant to the provisions of this Trust Agreement and that Corporate Trustee (a) declines to act as Trustee, (b) otherwise does not commence to act as Trustee or (c) is a named successor Trustee, the adult Beneficiaries, the guardians of any minor Beneficiaries and the conservators of any incapacitated Beneficiaries of such Trust shall have the power, by action of a majority in interest, to substitute a new Corporate Trustee in the place of the named Corporate Trustee. The new Corporate Trustee must have either (a) a combined capital and surplus (including the capital and surplus of its affiliated entities) of at least Fifty Million Dollars (\$50,000,000), or (b) assets under management (including assets under management by its affiliated entities) of at least One Billion Dollars (\$1,000,000,000). The new Corporate Trustee shall replace the named Corporate Trustee for all purposes of this Trust Agreement.

11.9 Effect of Succession of Trustees. Any successor of a Trustee hereunder, whether resulting from consolidation, merger, or the transfer of Trust business or from death, resignation, refusal or inability to act, or by any other reason, shall succeed as Trustee with like effect as though originally named as such.

11.10 Powers and Authorities of Successor Trustee. All powers and authorities, including discretionary and administrative powers, herein conferred upon a Trustee shall pass to any subsequent Trustee.

11.11 No Duty of Successor Trustees to Investigate. A succeeding Trustee shall not be under any duty to examine the books and records of its predecessor Trustee and may accept as the full Trust Estate properties turned over to it.

11.12 Indemnification of Trustee. To the greatest extent not inconsistent with the laws and public policies of the state of California, no Trustee serving under this

Trust Agreement shall be liable, responsible or accountable in damages or otherwise to the beneficiaries of the Trust for any acts performed within the scope of the authority conferred on such Trustee by this Trust Agreement, except for such Trustee's gross negligence or willful misconduct. The Trust shall indemnify and hold harmless the Trustee from and against any and all losses, claims, demands, costs, damages, liabilities, expenses of any nature (including reasonable attorneys' fees and disbursements), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, brought against, or threatened against, such Trustee because such Trustee was a Trustee of the Trust. Such indemnification shall be provided regardless of whether the Trustee continues to be a Trustee at the time any such liability or expense is paid or incurred.

(a) Expenses incurred by a Trustee in defending any claim, demand, action, suit or proceeding subject to this Paragraph shall from time to time be advanced by the Trust prior to the final disposition of such claim, demand, action, suit or proceeding.

(b) The indemnification provided by this Paragraph shall be in addition to any other rights to which those indemnified may be entitled under any agreement, vote of the Beneficiaries, as a matter of law or equity or otherwise, and shall inure to the benefit of the heirs, successors, assigns and administrators of the Trustee.

(c) The Trustee may purchase and maintain insurance, at the Trust's expense, on behalf of the Trustee, against any liability that may be asserted against, or any expense that may be incurred by, such persons in connection with the activities of the Trust and/or the acts or omissions of such persons, regardless of whether the Trust would have the power to indemnify such persons against such liability under the provisions of this Trust Agreement.

11.13 Special Trustee for Life Insurance Policies. Notwithstanding anything contained in this Trust Agreement to the contrary, at any time while the Spouse is acting as Trustee of the Issue's Trust, the next named successor Trustee hereunder shall have all powers, duties and obligations hereunder with respect to life insurance policies held by the Issue's Trust. The next named successor Trustee hereunder shall hold the powers in trust as "Special Trustee." At any time while the Spouse is acting as Trustee of the Issue's Trust, the Spouse shall, on the request of an insurance company, execute any documents required to implement the actions taken by the Special Trustee. If the next named successor Trustee hereunder shall fail to qualify, become unable to serve or otherwise cease to act as Special Trustee hereunder, then the next named successor Trustee hereunder, if any, who qualifies and is willing to act, shall act as successor Special Trustee under this Trust Agreement.

11.14 Power to Designate a Successor Special Trustee. If, at any time, any individual is named as a Special Trustee hereunder and there is no named successor Special Trustee to that individual or the named successor is then unavailable to act as Special Trustee hereunder, then that individual shall have the power:

(a) to designate one or more successor Special Trustees or Special Co-Trustees who shall act as Special Trustee or Special Co-Trustees hereunder, as the case may be, in the order designated if and when that individual ceases to act as Special Trustee hereunder, or

(b) to designate a Special Co-Trustee to serve only with such individual, which designation shall provide that such designated Special Co-Trustee shall be deemed to resign and shall cease to serve as Special Co-Trustee if, as and when the individual who designated him ceases to serve as Special Co-Trustee.

If, at any time, there is a named successor Special Trustee or Special Trustees, that individual shall have the foregoing power:

(1) contingent upon such named successor(s) not being available to serve as Special Trustee at the time needed, or

(2) when such named successor(s) ceases to act as Special Trustee hereunder.

The foregoing power may be exercised by a Special Trustee by giving written notice of the designation of a successor Special Trustee to the then-living adult Beneficiaries, the guardians of any minor Beneficiaries and the conservators of any incapacitated Beneficiaries, and as otherwise required by law. If more than one individual named Special Trustee exercises the foregoing power, priority shall be given to the designations of the earlier named Special Trustee hereunder, irrespective of the order in time that the foregoing notices were given. A Special Co-Trustee shall have the same power to nominate successors as granted to a sole Special Trustee hereunder, except that if two or more Special Co-Trustees make such designation, the named successor Special Trustees of a Special Co-Trustee shall be deemed to be named successor Special Co-Trustees (to serve in the order of priority designated) with the named successor Special Trustees (also to serve in the order of priority designated) of the other one or more Special Co-Trustees who made such designation. Any designation pursuant to this Paragraph may be revoked or amended by such Special Trustee by giving written notice in the same manner as the designation was made as provided above. Any Special Trustee designated pursuant to this Paragraph shall have all of the powers conferred upon a named Special Trustee under this Trust Agreement, shall serve without bond and shall for all other purposes be treated as a named Special Trustee under this Trust Agreement.

ARTICLE 12

POWERS OF TRUSTEE:

12.1 Powers of Trustee. To carry out the purposes of any Trust created pursuant to the terms of this Trust Agreement and subject to any limitations stated elsewhere in this Trust Agreement, the Trustee is vested with the powers set forth in this Trust Agreement, including but not limited to those powers contained in this Article in addition to any now or hereafter conferred by law affecting any Trust created hereunder and the Trust Estate. In the event and to the extent that the terms of the prudent investor rule or the Uniform Prudent Investor Act broaden, restrict, conflict or contradict any of the terms of this Trust Agreement, then this Trust Agreement and not the prudent investor rule or the Uniform Prudent Investor Act shall apply. Any and all of the powers of the Trustee are subject to the fiduciary obligation of the Trustee to treat all beneficiaries hereunder equitably. In the event that Co-Trustees are serving as Trustee of any Trust created hereunder, the powers set forth in this Trust Agreement shall be exercisable by unanimous action of the Co-Trustees acting jointly and not otherwise. Except as provided elsewhere in the Trust Agreement, the signatures of all Co-Trustees shall be required to evidence the exercise of any trustee power.

12.2 Power to Act as Owner. The Trustee is authorized to do all acts, initiate all proceedings and exercise all rights and privileges in the management of the Trust Estate as if the absolute owner thereof. Without limiting the generality of the foregoing, the Trustee shall have the right and power to acquire, grant, bargain, sell (for cash or on deferred payments), sell short, convey, exchange, convert, lease for terms either within or beyond the duration of the Trust, grant for like terms the right to mine or drill for and remove from Trust properties gas, oil or minerals, encumber, borrow, hypothecate, assign, partition, divide, subdivide, improve, loan, reloan or grant options on any and all property of the Trust Estate. The Trustee is authorized to borrow money for any Trust purpose for the debts of the Trust or the joint debts of the Trust and a beneficiary, upon terms and conditions as the Trustee may deem to be proper and to obligate the Trust Estate for repayment; and the Trustee may encumber the Trust Estate or any of its property (for the obligations of the Trust or any beneficiary) by mortgage, deed of trust, pledge, guarantee or otherwise, using such procedure or procedures to consummate the transaction or transactions as the Trustee may deem advisable. The Trustee is authorized to guarantee any loans made to the Grantor and any other obligations (including obligations of unrelated third parties and obligations of business entities in which the Grantor may have an interest), and to encumber any and all of the Trust Estate or any of its property by mortgage, deed of trust, pledge or otherwise, using such procedure or procedures to consummate the transaction or transactions as the Trustee may deem advisable. Except as otherwise specifically provided in this Trust Agreement, all transactions shall be for fair and adequate consideration.

12.3 Investment Powers. The Trustee is authorized to invest and reinvest the principal, and the income if the Trustee is permitted to accumulate it. In so doing, the Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing, specifically including, but not by way of limitation, the following:

- (a) General economic conditions.
- (b) The possible effect of inflation or deflation.
- (c) The expected tax consequences of investment decisions or strategies.
- (d) The role that each investment or course of action plays within the overall Trust portfolio.
- (e) The expected total return from income and the appreciation of capital.
- (f) Other resources of the beneficiaries known to the Trustee as determined from information provided by the beneficiaries.
- (g) Needs for liquidity, regularity of income, and preservation or appreciation of capital.
- (h) An asset's special relationship or special value, if any, to the purposes of the Trust or to one or more of the beneficiaries.
- (i) The anticipated needs of the Trust and its beneficiaries.

The Trustee shall consider individual investments as part of an overall investment strategy having risk and return objectives reasonably suited to the purposes of the Trust. In so doing, the Trustee shall act as a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, to attain the goals of the Grantor as determined from the Trust Agreement. Within the limitations of the foregoing standard and considering individual investments as part of an overall investment strategy, the Trustee is authorized to acquire every kind of property, real, personal or mixed, and every kind of investment, specifically including, but not by way of limitation, corporate and government obligations of every kind, preferred or common stocks (on margin or otherwise), interests in limited liability companies, commodities (on margin or otherwise), options (whether covered or not) or futures for stocks, stock index options, commodities or other assets, any other derivative securities, shares of investment trusts, shares of investment companies, shares of mutual funds (including mutual funds of which the then-acting Trustee or an affiliate of the then-

acting Trustee serves as investment adviser), mortgage participations, partnership interests (general or limited) and common trust funds (including common trust funds administered by the then-acting Trustee or an affiliate of the then-acting Trustee). Further, subject to the standards and limitations stated in this Trust Agreement, the Trustee is specifically authorized to (but is not required to) invest funds or assets belonging to the Trust Estate (a) in the purchase or construction of a home for a Beneficiary and/or (b) in the commencement or conduct of a trade or business by a Beneficiary. The Trustee is authorized to invest the entire Trust Estate in interest-bearing accounts, certificates of deposit, market funds, index funds or any other non-equity income-producing investment, notwithstanding the possible decrease of purchasing power of the value of the principal of the Trust Estate.

12.4 Power to Retain or Abandon Property. The Trustee is authorized to continue to hold any property, including all assets received by the Trustee (from any and all sources) and to operate at the risk of the Trust Estate any property or business received as long as the Trustee may deem it advisable, the profits and losses thereon to inure to or be chargeable against the Trust Estate and not to the Trustee. Except to the extent prohibited by law, no statutory provision shall constitute a limitation upon the exercise by the Trustee of discretion in continuing to hold securities, properties, partnership interests (general and limited), interests in limited liability companies, business interests or investments received hereunder. Notwithstanding the foregoing, no provision contained herein should be construed to give the Trustee the power to retain any property beyond the date such property is to be distributed to any Beneficiary hereunder. The Trustee may, in the Trustee's discretion, abandon any property or interest in property belonging to any Trust if the Trustee determines, in the Trustee's discretion, that the abandonment is in the best interests of the Trust and its beneficiaries.

12.5 Management Powers. The Trustee may, at the option of the Trustee, at any time, in connection with the management of the Trust Estate or the collection of any monies due or payable to a Trust hereunder, compromise any claims existing in favor of or against the Trust. The Trustee may loan or advance the Trustee's own funds for any Trust purpose to the Trust without security or upon the security of all or any portion of the principal of the Trust involved. Those loans shall bear interest at the then-current rate from date of advancement until repaid. However, the Trustee shall in no event be required to make any loan or advancement to the Trust. Any certificate, security or any evidence of indebtedness or ownership of property may be registered or taken and held in the name of the Trustee, or in the name of the nominee or nominees of the Trustee, with or without the disclosure of fiduciary relations, in order to more readily facilitate the handling of the Trust Estate. However, the Trustee shall be liable for any loss occasioned by the acts of such nominee or nominees affecting these securities if the Trustee would have been liable had the Trustee done the same acts.

12.6 Reimbursement of Trustee. The Trustee is authorized to reimburse itself from principal or income for any expense incurred by reason of the Trustee's fiduciary ownership or holding of any property in the Trust Estate.

12.7 Power to Employ. The Trustee may employ attorneys, accountants, brokers, agents, managers, appraisers, investment advisers, custodians, corporate fiduciaries and others whose services are in the Trustee's discretion reasonably necessary or convenient to the administration of the Trust or for the carrying out of any of the Trustee's powers or discretions hereunder. The Trustee shall not be liable to the Trust or to any beneficiaries as a result of any losses, costs or damages of any kind, type or nature, suffered or incurred by the Trust or by any Beneficiary resulting from the Trustee's reasonable good faith reliance on professional advice rendered by any professional advisers engaged by the Trustee on behalf of the Trust. The Trustee is authorized to employ the Trustee or any firm with which the Trustee is associated to perform any services that are in the Trustee's discretion necessary or convenient to the administration of the Trust created hereunder. Reasonable compensation for all services performed by these agents shall be paid from the Trust Estate, and shall not decrease the compensation to which the Trustee is entitled.

12.8 Installment Payments of Income. Except as otherwise indicated herein, the Trustee shall make the payments of the annual net income of any Trust required to be distributed hereunder at least quarter-annually or more often in the discretion of the Trustee. The Trustee shall have the power to budget the estimated annual income and expenses of the Trust in such manner as to equalize, as far as possible, periodic income payments to the Beneficiaries. In computing the amount of any such installment, the Trustee may, to the extent deemed appropriate by the Trustee, make reservation for expenses to be charged against such net income.

12.9 Segregation and Distribution of Assets. There need be no physical segregation or division of the various Trusts, except as segregation or division may be required by the termination of any Trusts. Regardless of any segregation or division of the various Trusts, the Trustee shall keep separate accounts for the different undivided interests. Upon any division of the Trust Estate into separate shares or Trusts occurring after the separate Trusts were created in Article 5, and upon any distribution of the income or principal, the Trustee may apportion and allocate the assets of the Trust Estate in cash or in kind, or partly in cash and partly in kind, or in undivided interests in such manner and at such values as the Trustee in its discretion deems advisable. Any distribution or division in kind may be made on a proportionate or a disproportionate basis so long as the respective assets allocated or distributed have equivalent or proportionate fair market value. In making in kind allocations of assets, the Trustee shall take into consideration the income tax basis of specific property to be so allocated in determining equivalence of value, to the extent that the Trustee deems it advisable and/or to the extent any other adjustments are determined by the Trustee to be reasonable. The

Trustee may sell such property as it deems necessary to make any division or distribution. After any division of the Trust Estate, the Trustee may make joint investments with funds from some or all of the several shares or Trusts.

12.10 Trust Distributions. Upon any distribution of a Trust, in whole or in part, the Trustee may assign, transfer or deliver in kind to the Beneficiary then entitled thereto, any part of the Trust Estate or an undivided interest in the Trust Estate, or any portion thereof, at the value as the Trustee may establish as the then fair market value. No interest shall be paid on any specific distribution of cash or property (if any) set forth in this Trust; except, however, this provision shall not be applicable to (a) the Marital Trust nor to any other specific distribution to the Spouse; and (b) any pecuniary gift if a failure to pay interest thereon or with respect thereto would adversely affect the use of the exemption from the generation-skipping transfer ("GST") tax of the Grantor. If the Trust Estate includes one or more promissory notes with respect to which gain would be accelerated under Section 453B of the Internal Revenue Code if distributed to a Beneficiary, the Trustee, in its sole discretion, may elect not to distribute such note(s) at the time provided in this Trust Agreement. In the event the Trustee so elects, such note(s) shall continue to be held in trust and the payments received by the Trustee under the note(s) shall be divided, held, administered and distributed as otherwise set forth in this Trust Agreement, until the Trustee determines to distribute the note(s) or until the note(s) are paid in full. Further, the Trustee may, for any reason, elect not to distribute all or any portion of the principal of the Trust Estate with the consent of the Beneficiary who or which is entitled to receive such distribution, until such time as that Beneficiary desires to receive distribution of such principal. In connection with any principal distributions required hereunder as a result of a Beneficiary attaining a stated age, the Trustee may make such distribution at any time after the date on which such Beneficiary attains such stated age and ending on the last day of the same calendar year.

12.11 Powers of Trustee In the Event of Beneficiary Misconduct.

(a) Suspension of Withdrawal Rights and Mandatory Distributions. Notwithstanding anything to the contrary contained in this Trust Agreement, no Beneficiary shall have a right to withdraw or receive an otherwise mandatory distribution of all or any portion of the principal of a Trust, and/or the net income of the Trust, if on the date a withdrawal is requested or a distribution is provided under the terms of any Trust (collectively, the "Distribution Date"), an event of Beneficiary Misconduct (as hereafter defined) exists. For purposes of this Trust, "Beneficiary Misconduct" means any one or more of the following:

- (1) The Beneficiary is incarcerated.

(2) The Beneficiary has been convicted of any crime, other than misdemeanors or minor traffic violations, within five (5) years of the Distribution Date.

(3) The Beneficiary is on probation in connection with any criminal conviction.

(4) The Beneficiary previously has been on probation and any such period of probation has expired less than two (2) years prior to the Distribution Date.

(5) The Trustee determines that within three (3) years of the Distribution Date, the Beneficiary has used or engaged in the purchase and/or sale of any illegal drugs or other illegal substances or, in the Trustee's discretion, the Trustee determines that the Beneficiary has abused the use of alcohol.

Any right to withdraw principal exercisable by a Beneficiary and any right to receive a distribution of net income and/or principal otherwise provided under the terms of the Trust shall be delayed until the Beneficiary Misconduct no longer applies and any period of time defining such Beneficiary Misconduct (as described above) has expired. The determination of whether an event or condition of Beneficiary Misconduct exists shall be determined in the sole and absolute discretion of the Trustee, and shall be final and binding upon all parties interested in such Trust.

(b) Optional Reduction or Suspension of Discretionary Distributions. Any discretionary distributions for a Beneficiary's health, education, support and maintenance shall be made by the Trustee after considering the Grantor's desire that a Beneficiary lead a life free of crime and substance abuse and the Grantor's intent that the assets of the Trust may not be used to encourage or support a Beneficiary in a lifestyle including criminal activities, illegal drugs or abuse of alcohol. Notwithstanding any other provisions in this Trust Agreement to the contrary, the Trustee shall withhold any and all distributions for support and maintenance which in the Trustee's sole and absolute discretion may (1) encourage a lifestyle involving criminal activities or (2) contribute to a chemical dependence or substance abuse, or otherwise free funds for such use by the Beneficiary; provided, however, that such distributions for support may be provided for a hospital or other program of recovery or a stay in a recovery house, plus all costs incident thereto. Nothing in this Trust Agreement shall prevent the Trustee from making discretionary distributions for the health, education, support and maintenance of a Beneficiary and/or a Beneficiary's issue as otherwise provided in this Trust Agreement to the extent that the Trustee, in its sole and absolute discretion, determines that the conditions described in this Paragraph 12.11(b), are satisfied and that the Beneficiary will use such funds for the purposes for which they are distributed.

(c) Trustee's Right, But Not the Duty, To Investigate Beneficiary Misconduct. The Trustee shall not have any duty to investigate any Beneficiary Misconduct and shall not be liable to anyone for any Beneficiary Misconduct. If the Trustee suspects or becomes aware that the Beneficiary is involved with drug and/or alcohol abuse, the Trustee is authorized, but not required, to employ private investigators and to take such other actions as the Trustee determines appropriate, at the expense of the Trust, to determine whether any Beneficiary Misconduct exists or whether any distribution would be contrary to the Grantor's desires described herein. The Trustee shall not incur any liability to persons whose interest may have been affected by disbursements made or not made in good faith by the Trustee without knowledge of any event affecting distribution to a Beneficiary described in this Paragraph.

(d) Death of a Beneficiary During Period of Beneficiary Misconduct. If termination of the Trust is postponed pursuant to this Paragraph and the Beneficiary dies during such postponement, the deceased Beneficiary's Trust shall be held, administered and distributed in accordance with this Trust Agreement.

(e) "Interested" Trustee. In the event that one of two or more individual Co-Trustees then serving is an "Interested Trustee" (as that term is defined in this Paragraph 12.11(e)), then the remaining Co-Trustees who are not Interested Trustees shall exercise the discretionary authorities under this Paragraph. In the event that the sole Trustee, or all of the Co-Trustees then serving, are Interested Trustees, then the next Trustee who is not an Interested Trustee and who is not related or subordinate to such individual serving Trustee (within the meaning of Section 672 of the Internal Revenue Code) shall exercise the discretionary authorities under this Paragraph. For purposes of this Paragraph, "Interested Trustee" (as to any Beneficiary whose rights as a Beneficiary could be affected by that Trustee's exercise of discretionary authorities hereunder) means an individual Trustee who would be entitled to any portion of the interest in the Trust Estate held for that Beneficiary in the event of that Beneficiary's death. Further, for purposes of this Paragraph, an individual Trustee will be deemed to "be entitled to any portion of the interest in the Trust Estate held for that Beneficiary in the event of that Beneficiary's death," if a person who is related or subordinate to such individual Trustee would be entitled to any portion of the interest in that Beneficiary's Trust in the event of that Beneficiary's death.

(f) Provisions Regarding Beneficiary Misconduct Not Applicable to the Marital Trust or to Retirement Plan Trusts. Notwithstanding any provision in this Trust Agreement to the contrary, the provisions of this Paragraph shall not apply to the Marital Trust nor to any Retirement Plan Trust created hereunder.

12.12 Principal and Income. Except when the Trust Agreement specifically provides otherwise, the Trustee shall determine principal and income of the Trust Estate and from time to time apportion and allocate receipts, expenses, and other

charges between those accounts according to the provisions of the California Uniform Principal and Income Act ("UPAIA") (California Probate Code Sections 16320-16375). With respect to matters not provided for in the UPAIA, the Trustee shall have the absolute discretion to determine what is principal or income, and apportion and allocate any and all receipts and disbursements between those accounts, subject only to fiduciary standards and limitations of law. The exercise of that discretion within the above set forth limitations shall be conclusive on all persons interested in the Trust Estate.

12.13 Right to Compel Income Distributions from Retirement Arrangements. Notwithstanding anything to the contrary herein, should the Grantor designate the Trust or the Marital Trust to receive benefits ("Benefits") from any qualified pension, profit sharing, or stock bonus plan, qualified annuity plan, or individual retirement account, as such terms are defined in Sections 401, 403 and 408, respectively, of the Internal Revenue Code (a "Retirement Arrangement"), the following provisions shall apply:

(a) To the extent that the value of the Benefits are includible in the gross estate of the Grantor under Section 2039 of the Internal Revenue Code or otherwise, and to the extent that the value of the Benefits does not exceed the amount allocated to the Marital Trust, the rights to the Trust's interest in the Benefits shall be allocated to the Marital Trust prior to the allocation of any other assets thereto.

(b) To the maximum extent possible, the Trustee shall not make any of the payments required by the Paragraph titled "Payments Upon the Death of the Grantor" out of the Benefits.

(c) To the maximum extent possible, the Trust's interest in the Benefits shall be allocated to that portion of the Marital Trust for which the Trustee did not make the election under Section 2652(a)(3) of the Internal Revenue Code to treat the assets of the Marital Trust as if the qualified terminable interest property election had not been made for purposes of the GST tax.

(d) To the extent that the Benefits are allocated to the Marital Trust, the Spouse shall have the right, exercisable annually, to compel the trustee, custodian or other fiduciary of the Retirement Arrangement to withdraw therefrom an amount equal to the income earned on the assets held in the Retirement Arrangement and to distribute the same to the Marital Trust, for distribution to the Spouse as a portion of the income of the Marital Trust in accordance with Paragraph 6.2. The right to compel a distribution under this Paragraph 12.13 shall be cumulative and shall not lapse during the lifetime of the Spouse.

(e) The Trustee is authorized to make or not make distribution elections to accelerate or defer distribution to the Trust of the Benefits from the Retirement Arrangement, taking into account, to the extent that the Trustee deems

advisable, the tax consequences of such elections and the liquidity needs of the Marital Trust. In this connection, the Trustee is authorized, but not required, to elect to defer distribution to the maximum extent permissible under Section 401(a)(9)(B) of the Internal Revenue Code.

(f) The Trustee shall make reasonable efforts to maintain records of: (1) the income generated within the Retirement Arrangement; (2) the allocation of each distribution of Benefits from the Retirement Arrangement between income and principal; and (3) the tracing of distributions from the Marital Trust to the Spouse with respect thereto.

12.14 Acceptance of Gifts. The Trustee is authorized to accept gifts from any individual who desires to contribute to the principal of any of the respective Trusts created hereunder. The acceptance of any such additional gifts shall be in the sole and absolute discretion of the Trustee.

12.15 Powers Over Securities. With respect to securities, interests in limited liability companies, partnership interests and similar property held in the Trust, the Trustee shall have all the rights, powers and privileges of an owner, including, but not by way of limitation:

- (a) to vote, give proxies and pay assessments;
- (b) to participate in voting trusts and similar agreements, pooling agreements, foreclosures, reorganizations, consolidations, mergers, liquidations, sales and leases, and incident to such participation to deposit securities with and transfer title to any protective or other committee on such terms as the Trustee may deem advisable;
- (c) to exercise rights under buy-sell, close corporation and S corporation shareholder agreements, or similar agreements;
- (d) to exercise or sell stock subscription or conversion rights;
- (e) to consent to foreclosures, reorganizations, consolidations, mergers and liquidations; and
- (f) to deposit securities with and transfer title to any protective or other committee on any terms that the Trustee, in the Trustee's discretion, considers advisable.

The signature of the Trustee, or one of two or more acting Co-Trustees, if applicable, shall be sufficient to bind the Trust with respect to any of the foregoing actions taken pursuant to this Paragraph and any third party may rely upon the signature of one of two

or more acting Co-Trustees in connection therewith. Notwithstanding the foregoing, it is the intention of the Grantor that Co-Trustees shall exercise their powers over securities as a single record holder and under no circumstances shall the vote of the Co-Trustees be split, regardless of whether a specific provision of any rule or law applicable to such securities (including the Corporations Code of the state in which the entity was formed) would permit joint holders of such securities to cast votes other than as a single vote. The signatures of all Co-Trustees shall be required to enter into partnership agreements, limited liability company operating agreements, buy/sell agreements or similar agreements.

12.16 Transactions With Other Entities. The Trustee is authorized to purchase assets from or sell assets to the probate estate of either the Grantor or the Spouse, or any other person, firm, trust or other entity. Any such purchase or sale shall be at the fair market value of those assets (as determined by the Trustee in the Trustee's discretion) and upon such terms and conditions (with or without security) and in such amounts as the Trustee may deem advisable. The Trustee is authorized to loan funds or assets belonging to the Trust Estate to the Grantor or the Spouse or both, to the probate estate of the Grantor, to the probate estate of the Spouse, to any Beneficiary hereunder, or to any other person, firm, trust or other entity, upon such terms and in such amounts as the Trustee may deem advisable; provided, however, that any such loan bears a reasonable rate of interest, but not more than the maximum interest rate allowed under California law, and provided that any such loan is adequately secured. However, in no event shall the Trustee make any investment pursuant to the provisions of this Paragraph for less than adequate consideration in money or money's worth or that the Trustee determines would not be a prudent investment of the assets of the Trust Estate. Further, subject to the standards and limitations stated in this Trust Agreement, the Trustee is specifically authorized to (but is not required to) loan funds or assets belonging to the Trust Estate for (a) the purchase or construction of a home for a Beneficiary and/or (b) the commencement or conduct of a trade or business by a Beneficiary.

12.17 Power to Purchase Insurance. The Trustee is authorized to procure and carry, at the expense of the Trust, insurance of such kind and in such form and amount as the Trustee deems advisable to protect the Trustee, the Trusts and the Trust Estate against any hazard, risk of loss or other potential liability.

12.18 Payments to or for Minors or Incapacitated Persons. If at any time or from time to time any beneficiary entitled to receive income or principal hereunder shall be a minor or an incapacitated adult, the Trustee may make the distribution or expenditure for the beneficiary, in the sole discretion of the Trustee, in any one or more of the following ways:

- (a) directly to the beneficiary;

(b) to the guardian, conservator or other fiduciary of the person or estate of the beneficiary;

(c) to a Uniform Transfers to Minors Act account, already existing or created for a minor, in any jurisdiction;

(d) to any person or organization furnishing care, support, maintenance or education of the beneficiary; or

(e) by itself making expenditures directly for the support, maintenance, health or education of the beneficiary.

The Trustee shall not be required to see to the application of any funds so paid or applied and the receipt by such payee shall be full acquittance of the Trustee. The decision of the Trustee as to direct payments or application of funds shall be conclusive and binding upon all parties in interest. The Trustee shall be guided by the foregoing principles in this Paragraph for any minor beneficiary or an incapacitated adult beneficiary, other than a child of the Grantor.

12.19 Life Insurance and Other Death Benefits. The Trustee shall have the following powers, duties and discretions with respect to policies of life insurance:

(a) The Trustee, without being obligated to do so, may pay premiums, assessments or other charges with respect to policies held as a part of the Trust Estate, and all other charges upon such policies otherwise required to preserve them as binding agreements. The Trustee is authorized to borrow money for any Trust purpose, for the debts of the Trust or the joint debts of the Trust and a Beneficiary, upon terms and conditions that the Trustee may deem to be proper and to obligate the Trust Estate for repayment; and the Trustee may encumber any life insurance policy held as a part of the Trust Estate (for the obligations of the Trust or any Beneficiary), using such procedure or procedures to consummate the transaction or transactions as the Trustee may deem advisable.

(b) In the event that the Trustee intends not to pay any premium, assessment or other charge with respect to any policy held by it, or otherwise intends to cancel, convert or substantially modify any such policy, it shall first give the insured, or the fiduciary of the estate of an insured under disability, at least fifteen (15) days advance written notice of its intention to take such action.

(c) Any amounts received by the Trustee with respect to any policy as a dividend shall be treated as principal.

(d) Upon the receipt of proof of death of any person whose life is insured for the benefit of any Trust hereunder, or upon maturity of any policy payable

to a Trustee prior to the death of the insured, the Trustee shall collect all sums payable with respect thereof and shall thereafter hold such sums as principal of the respective Trust, except that any interest paid by the insurer for a period subsequent to maturity shall be considered as income.

(e) The Trustee may compromise, arbitrate or otherwise adjust claims upon any policies, and may, but shall not be required to, exercise any settlement options available under such policies. The giving of a receipt by the Trustee to an insurer shall be a full discharge and such insurer is not required to see to the application of the proceeds.

With respect to death benefits payable under any qualified and/or non-qualified employee benefit plan in which the Grantor is a participant (or an individual retirement account which the Grantor has established) and under which the Trustee may elect the mode of payment or make any tax elections, the Trustee shall elect a mode of payment and make such tax elections which, in the Trustee's discretion, appear to be the most advantageous option and elections available to this Trust or its then-current income Beneficiaries, in terms of income tax, estate and inheritance tax, or investment return considerations, based on the Trustee's evaluation of the facts and circumstances relevant to such considerations as they exist at the time the Trustee makes such election. An election of a mode of payment and tax elections made by a Trustee in good faith in the exercise of the discretionary power conferred upon it shall be final and binding upon all persons whomsoever and shall be a full acquittance and discharge of the Trustee, and the Trustee shall not be liable to any person by reason of its exercise of such discretionary power. Death benefits paid in lump sum under any such employee benefit plan shall be allocated to principal unless, in its discretion, the Trustee determines that to do so would result in adverse income tax consequences to the Trust and the Beneficiaries. Installment payments shall be allocated to income or principal in the discretion of the Trustee. The giving of a receipt by the Trustee to an administrator of such a plan shall be a full discharge, and such administrator is not required to see to the application of funds so paid.

12.20 Banks and Brokerage Accounts and Endorsements. The Trustee is authorized to maintain existing accounts and safe deposit boxes, and open new accounts and safe deposit boxes, at banks, savings and loan associations, brokerage houses and other financial institutions (including with the Trustee and affiliates of the Trustee) for the Trust Estate in such manner that funds may be withdrawn or investment direction given with respect to those accounts, or those safe deposit boxes may be accessed, upon the signature of and upon the instruction of the Trustee, or one of two or more acting Co-Trustees, if applicable. Therefore, one of two or more acting Co-Trustees, acting alone, shall have signature power with respect to any account maintained at a savings and loan institution, bank or other financial institution, safe deposit box or brokerage account which then constitutes an asset of the Trust Estate. The signature of the Trustee, or one

of two or more acting Co-Trustees, if applicable, shall be sufficient to endorse any check, payment or other instrument which may be received for the account of the Trust, and such endorsement shall be a sufficient receipt to the person giving that check, payment or other instrument to the Trust. The Trustee is authorized, in its discretion, to appoint additional signatories to any accounts and safe deposit boxes maintained or opened at banks, savings and loan associations, brokerage houses and other financial institutions (including with the Trustee and affiliates of the Trustee) for the Trust Estate in such manner that funds may be withdrawn with respect to such accounts upon the signature of such additional signatory or signatories. The signature of such additional signatory or signatories shall be sufficient to endorse any check, payment or other instrument which may be received for the account of the Trust, and such endorsement shall be a sufficient receipt to the person giving the check, payment or other instrument to the Trust.

12.21 Option to Terminate Shares or Trusts. In the event that:

(a) the share or separate Trust held for any Beneficiary of a Trust created hereunder has, at any time, in the opinion of the Trustee, a fair market value of Fifty Thousand Dollars (\$50,000) or less,

(b) the aggregate fair market value, in the opinion of the Trustee, of all Trusts created hereunder and administered by the Trustee at any time is Two Hundred Fifty Thousand Dollars (\$250,000) or less, or

(c) the principal value of any Trust created hereunder at any time is less than an amount that can be economically administered in trust,

the Trustee may, in its discretion, but is not required to, terminate that Trust or those Trusts and, regardless of the age of the Beneficiary, distribute the principal and any accrued or undistributed net income thereon to the Beneficiary, or to its guardian, conservator, custodian under the California Uniform Transfers to Minors Act or other similar statute, or other fiduciary.

12.22 Power to Combine and Divide Trusts. Except as otherwise provided to the contrary in this Trust Agreement, the Trustee may, at any time and from time to time, and without court approval, for tax and/or administrative reasons:

(a) combine any Trust created under this Trust Agreement for any Beneficiary with any other Trust otherwise created for that Beneficiary, whether created under this Trust Agreement or otherwise, the terms of which Trusts are substantially identical and the Trustees of which Trusts are identical, provided that the Trustee, in the Trustee's reasonable discretion, determines that administration as a single Trust will be consistent with the intent of the persons who established the Trusts and will facilitate Trust administration without defeating or impairing the beneficial interests of current or future beneficiaries of this Trust, and provided further that the Marital Trust or

any subtrust thereof may not be combined with any trust other than a subtrust of the Marital Trust prior to the death of the Spouse; and

(b) divide any Trust hereunder into two or more separate Trusts, each of which shall have the same provisions as the original Trust from which it was established, and references in this Trust Agreement to the original Trust shall refer to the separate Trusts derived from it.

If a Trust is divided into separate Trusts, the Trustee may, at any time prior to a combination of such Trusts, take any and all actions consistent with such Trusts being separate entities including, without limitation, make different tax elections with respect to each separate Trust, expend principal and exercise any other discretionary powers differently with respect to each separate Trust. The donee or other holder of any power of appointment with respect to a Trust so divided may exercise such power differently with respect to the separate Trusts created. In addition, if property is directed to be added to any Trust hereunder, the Trustee may:

(1) hold such additional property as one or more separate Trusts having terms identical to the terms of the Trust to which it was to be added; and

(2) allocate such additional property on a non-pro rata basis among the several Trusts, if any, into which the Trust to which such additional property is required to be added was previously divided (including an allocation of all such additional property to one of such Trusts).

No Trustee shall be liable for any good faith exercise of a power described in or otherwise authorized by this Paragraph and, in the event any such good faith exercise of such a power results in a detriment to one or more beneficiaries, the Trustee shall be exonerated and otherwise held harmless with respect to any such detriment.

12.23 Power to Withhold Distribution. The Trustee is authorized to withhold from distribution, at the time for distribution of any property of the Trust Estate, without the payment of interest, all or any part of the property, as long as the Trustee shall determine in its discretion that the property may be subject to conflicting claims, tax deficiencies or liabilities, contingent or otherwise.

12.24 Tax Elections. The Trustee shall have the power in the Trustee's absolute discretion to take any action and to make any election to minimize the tax liabilities of this Trust and/or one or more of its beneficiaries, regardless of the resulting effect on the Trust, the other beneficiaries or any other person interested in this Trust, to allocate the benefits among the various beneficiaries, and to make adjustments in the rights of any beneficiaries or between the income and principal accounts, to compensate for the consequences of any tax election or any investment or administrative decision that

the Trustee believes has had the effect of directly or indirectly preferring one beneficiary or group of beneficiaries over others. In allocating assets hereunder, the Trustee may take into consideration the basis of such assets to the extent appropriate, as determined by the Trustee in its sole and absolute discretion. The Trustee shall cooperate with the executor of the Will of the Grantor or such other person who can make the election in the absence of an executor in electing to (a) treat all or a portion of the Marital Trust as Qualified Terminable Interest Property (as that term is defined in Section 2056 of the Internal Revenue Code) and (b) if applicable, to treat the Grantor as the transferor of all or a portion of the Marital Trust for purposes of the GST tax (pursuant to Section 2652(a)(3) of the Internal Revenue Code). The Trustee shall also have the power to file any income tax returns as may be required on behalf of the Grantor, whether a separate income tax return on behalf of the Grantor or a joint income tax return on behalf of the Grantor and the Spouse, and to pay all or any portion of the taxes due with respect to such returns. If any additional assessment shall be made on account of any income tax return filed by or on behalf of either the Grantor or Spouse, whether separately or jointly, the Trustee is authorized to pay the additional assessment. The exercise of authority hereunder by the Trustee shall be conclusive and binding on all persons.

12.25 Powers in Event of Disputes. The Trustee shall have the power to commence or defend such litigation with respect to the Trust or any property of the Trust Estate as the Trustee may deem advisable, at the expense of the Trust, and to compromise or otherwise adjust any claims or litigation against or in favor of the Trust. The Trustee's powers under this Paragraph shall apply during the term of the Trust and after distribution of Trust assets. However, the Trustee shall have no obligations or duties with respect to any litigation or claims occurring after distribution of Trust assets, unless the Trustee is adequately indemnified by the distributee for any loss in connection with such matters.

12.26 Subdivision of Real Property. The Trustee is authorized and empowered:

- (a) to subdivide and resubdivide Trust real property and sign applications, maps and other documents incidental thereto;
- (b) to dedicate Trust real property for public purposes, with or without consideration;
- (c) to grant and impose upon Trust real property conditions, covenants, easements, restrictions, rights of way and other servitudes;
- (d) to borrow against Trust real property; and
- (e) to do such other acts as may appear to the Trustee advisable in connection with the exercise of any of the foregoing powers.

12.27 Purchase at Foreclosure. The Trustee is authorized and empowered, as to any property (real, personal or mixed) in which the Trust has any interest, that is sold at foreclosure, judicial or non-judicial, to make bids upon or purchase the same or, as to such property, to accept a deed in lieu of foreclosure as full or complete satisfaction of the debt which is secured. The Trustee shall allocate income and expense attributable to such property or the proceeds of its sale as if such property were being initially acquired as a Trust investment.

12.28 Fiduciary Related Party Transactions. The Trustee is authorized to act on behalf of the Trust notwithstanding the self interest of the Trustee, including the power to lease, mortgage or sell any property to or lease or purchase any property from the Trustee; to determine the amount of and to receive compensation for services as Trustee or in any other capacity; in the case of a corporate Trustee, to borrow from, deposit money or otherwise deal with its own banking department or that of an affiliate, to invest in its own stock or stock of any of its affiliates, or to invest in its own common trust fund; and to be interested in any investment, corporation, limited liability company, partnership, other unincorporated business, farming or mining operation, real estate operation or other venture in which the Trust is interested. No person shall be precluded from acting as Trustee hereunder or being compensated therefor by reason of his employment in any capacity by any corporation, limited liability company or partnership or office in any capacity with any corporation, limited liability company or partnership, the stock of which corporation or an interest in which limited liability company or partnership constitutes a part or all of the assets of the Trust, nor shall the Trustee be so precluded from accepting such employment or appointment by any such corporation, limited liability company or partnership. The Trustee is specifically authorized and empowered to exercise all of the duties and powers entrusted to such Trustee under the terms of this Trust Agreement despite any duality of fiduciary obligations arising by reason of such person's service as the Trustee and as an officer, director, partner or employee of any corporation, limited liability company or partnership in which the Trust may be interested. No Trustee hereunder shall be liable for any loss or diminution in the Trust resulting from any action such Trustee may take or refrain from taking concerning the foregoing, except for such Trustee's own gross negligence or willful misconduct with regard thereto.

12.29 Power to Commence, Retain and Manage Closely Held Business. The Trustee is expressly authorized to commence or retain, regardless of lack of diversification, as an investment of any Trust hereunder, securities of or any other ownership interest in any closely held business, whether a sole proprietorship, corporation, limited liability company, joint venture or partnership (including stocks, bonds, debentures and any other form of securities representing either or both a proprietary interest in or obligation of said corporation or other entity), and any other business entity which is a successor to, subsidiary of, or affiliated with, said corporation or other entity, which is now or hereafter assigned, devised, bequeathed, transferred or

delivered to the Trustee (all of which, if more than one, are hereinafter referred to as "the Company"). Pending sale or final distribution of said securities or ownership interest or liquidation of the Company, the Trustee shall have the following authorities and discretions, in addition to any other grant of authority and discretion given elsewhere in this Trust Agreement:

- (a) to participate in the management of the Company;
- (b) to supervise, in any manner, the conduct of the Company's business;
- (c) to extend credit to the Company from any Trustee, including the banking department of a corporate Trustee, if one is acting, without in any way increasing, limiting or otherwise affecting its duties, responsibilities and liabilities as Trustee;
- (d) to increase the investment of any Trust in the Company, either or both by way of secured or unsecured loans to the Company, by the purchase of equity from other equity holders of the Company, expressly including equity owned by a Beneficiary, or by subscription to additional equity, either or both common or preferred stock, partnership interests and/or limited liability company membership interests, or by pledging assets for the debts of the Company, whether incurred before or after the death of the Grantor;
- (e) to organize a corporation, a partnership or limited liability company under the laws of any state and to transfer to it all or any part of the Company or other property held in the Trust; and
- (f) to retain in the Company such amount of its net earnings as the Trustee may deem advisable in conformity with responsible business practice.

The Trustee may exercise such authority to such extent and in such manner as the Trustee, from time to time, deems necessary or advisable to protect the investment of any Trust herein and to contribute to the best interest and welfare of the beneficiaries thereof.

The Grantor expects the Trustee to exercise ordinary business judgment in determining how long such securities or ownership interest shall be retained as an investment and in deciding upon such action as may be taken in its supervision of the management of the Company during the period of such retention and the readjustment of the total investment therein, it being the intention of the Grantor to give to the Trustee every power and discretion it may need or require to provide proper management and supervision of the Company until such time as the Trustee, in its sole judgment, shall deem it to be to the best advantage of a Trust, and the beneficiaries thereof, to sell or otherwise dispose of such securities or ownership interest; and the Trustee shall not be

liable for any loss that may result from the honest exercise of any such power or discretion granted in the Trust Agreement, and shall be indemnified against any such loss from the assets of any Trust holding securities of or any other ownership interest in the Company. The Grantor realizes that the Grantor is exposing any Trust to the risks inherent in all business operations, but it is the belief of the Grantor that the possibility of preserving the capital and income values which the Grantor believes the securities to contain justifies such risk. To the extent that the Trustee may render service to the Company, the Trustee is expressly authorized to take such steps as may be practicable to charge its fees for such service to the Company rather than to a Trust.

Nothing contained herein shall be construed to prevent any individual Trustee from being employed by the Company at a salary commensurate with the value of his or her service, or to prevent him or her from becoming a purchaser of any of such securities or other ownership interest either from the Trustee or from any other source.

The foregoing powers shall be deemed to be and shall be exercised as fiduciary powers. They shall not disqualify the possessor from holding office in the Company, accepting remuneration from it, voting any stock in favor of himself or herself as director or officer, or purchasing or selling stock of the Company.

12.30 Power Regarding S Corporations. The Trustee shall have the power to make any elections or decisions the Trustee deems appropriate with respect to any stock in an S corporation (as defined in Section 1361(a) of the Internal Revenue Code) held or acquired by the Trust.

12.31 Intellectual Property Rights and Powers.

(a) The Trustee shall have full power to collect royalties and receipts of any kind or nature that are or may become due to any Trust hereunder, including, without limitation, royalties and receipts with respect to the sale, publication, licensing, production or other disposition or utilization of creative works, properties, copyrights or personal rights described in Section 3344 of the California Civil Code; to enter into agreements with respect to the sale, publication, licensing, production or other disposition or utilization of such creative works, properties, copyrights and rights; to retain any interests included under this Paragraph for so long a period of time as the Trustee may deem proper, even though there may be a loss of income or principal resulting from such retention; to enter into transactions affecting such interests for a contingent share of profits as opposed to a sale of interests for cash or a guaranteed return (e.g., a sale of motion picture rights based on a percentage of profits of the picture); to deal, in any manner, which the Trustee, in the Trustee's discretion, deems proper, with respect to any creative works, properties, copyrights, published and unpublished works (complete or incomplete) and personal rights included in the Trust, including, without

limitation, the power and authority to edit and to publish or cause to be published such works; to employ a consultant to advise the Trustee with respect to any of such matter; to employ an agent or representative to act on behalf of the Trustee with respect to such matters; and to pay from the Trust the customary fees and commissions of any editor, agent, representative or literary consultant. The exercise or non-exercise of the powers and discretions under this Paragraph shall be in the sole and absolute discretion of the Trustee, without liability or responsibility to the Trust, the beneficiaries thereunder, beneficiaries under the Grantor's Will or to any other person or entity for the consequences of exercise or non-exercise of such powers and discretions.

(b) The Grantor hereby transfers to the Trust all of the Grantor's right, title and interest in and to the Grantor's name, sobriquet, voice, signature, photograph, actual or simulated likeness, image and other personal identification, any and all trademarks, trade names, trade dress, service marks and other personal identifiers, all applications and registrations therefor and all goodwill symbolized thereby, all rights of publicity, all copyrights, copyright registrations and rights to renew, extend, cause reversion of or to terminate any grant of any such copyright, and all rights under or arising out of any of the foregoing including, but not limited to, the right to recover for infringement of any of the foregoing occurring prior to, pending as of the date hereof or occurring at any time or times hereafter, regardless of the form of ownership, and as any such property or right is now known or hereafter devised, created or discovered and, whether or not any such property or right is existing as of the date hereof or hereafter is devised, created or discovered.

12.32 Power Regarding Names of Trusts. The Trustee shall have the power, in the Trustee's sole and absolute discretion, to name, rename or change the name of the Trust or any Trust created hereunder.

12.33 Power to Transfer Trust to or from Another Jurisdiction. The Trustee shall have the power to remove any and all of the Trust Estate of any Trust created hereunder to or from any state of the United States, the District of Columbia or any foreign jurisdiction. The Trustee shall have the power, from time to time, to change the jurisdiction of this Trust and, in such event, the laws and courts of such other jurisdiction shall govern the administration of the Trust, unless and until the Trustee changes jurisdiction again.

12.34 Power to Initiate and Defend Litigation; Power to Compromise Claims.

(a) The Trustee may, in the Trustee's discretion, initiate or defend, at the expense of the Trust, any litigation relating to the Trust or any property of the Trust Estate that the Trustee considers advisable. The Trustee's powers under this Paragraph shall apply during the term of the Trust and after distribution of Trust assets.

The Trustee shall have no duties, however, regarding any litigation or claims occurring after distribution of Trust assets, unless the Trustee is adequately indemnified by the distributees for any loss occasioned by exercise of these powers.

(b) The Trustee may, in the Trustee's discretion, compromise, submit to arbitration, abandon, or otherwise adjust any claims or litigation against or in favor of the Trust. The Trustee's decision in this regard shall be conclusive. The Trustee's powers under this Paragraph shall apply during the term of the Trust and after distribution of Trust assets. The Trustee shall have no duties, however, regarding any litigation or claims occurring after distribution of Trust assets, unless the Trustee is adequately indemnified by the distributees for any loss occasioned by exercise of these powers.

12.35 Powers in Connection with Government Agencies. The Trustee is authorized to make applications for, receive and administer any of the following benefits, if applicable: Medi-Cal, Social Security, Medicare, Medicaid, Supplemental Security Income, In-Home Support Services, and other governmental resources and community support services available to the elderly; i.e. California Department on Aging, Federal Older Americans Act, Nursing Home Ombudsman, "Senior Day Care" programs, and senior centers. The Trustee is further authorized to explore and implement Medi-Cal planning strategies and options and to plan and accomplish asset preservation in the event the Grantor or Spouse needs long-term health and nursing care. Such planning shall include, but is not necessarily limited to, the power and authority to:

- (a) make home improvements and additions to the family residence of the Grantor or Spouse;
- (b) pay off partly or in full the encumbrance, if any, on the family residence of the Grantor or Spouse;
- (c) purchase a family residence, if the Grantor or Spouse does not own one;
- (d) purchase a more expensive family residence;
- (e) give the family residence to the Spouse if it is the Grantor who needs long-term medical, health or nursing care under the Welfare & Institutions Code; and
- (f) obtain current information about Medi-Cal gifting rules and asset preservation rules before making any gifts or transferring assets from the Trust.

12.36 Environmental Matters. In addition to all other powers, rights and privileges conferred on the Trustee under this Trust Agreement, the Trustee shall also have the following rights, powers and privileges with respect to environmental matters:

(a) Inspection of Property and Records Prior to Acceptance.

(1) Prior to acceptance of this Trust by any proposed or designated Trustee (and prior to acceptance of any asset by any proposed, designated or acting Trustee), such Trustee or proposed or designated Trustee shall have the right to take the following actions at the expense of the Trust Estate:

(A) to enter, inspect and take samples for laboratory analysis from any existing or proposed Trust asset for the purpose of determining the existence, location, nature and magnitude of any past or present release or threatened release of any hazardous substance (as defined under any applicable federal, state or local environmental law or regulation) into, onto, beneath or from the asset; and

(B) to review records of the currently acting Trustee or of the Grantor (or of any partnership, limited liability company or corporation in which either the Trust or the Grantor holds an interest) for the purpose of determining whether the asset is in compliance with all federal, state or local environmental laws and regulations, including those records relating to permits, licenses, notices, reporting requirements and governmental monitoring of hazardous waste.

(2) The right of the Trustee or proposed or designated Trustee to enter and inspect assets and records of a partnership, limited liability company or corporation under this Paragraph is equivalent to the right under state law of a partner, member or shareholder to inspect assets and records under similar circumstances.

(3) Acts performed by a proposed or designated Trustee under this Paragraph shall not constitute acceptance of the Trust.

(4) If an asset of the Trust is discovered upon environmental audit by any proposed or designated Trustee to be contaminated with hazardous waste or otherwise not in compliance with environmental law or regulation, the Trustee may decline to act as Trustee solely as to such asset, and accept the Trusteeship as to all other assets of the Trust. A court of competent jurisdiction shall appoint a receiver or Special Trustee to hold and manage the rejected asset under the preceding sentence, pending its final disposition. Any currently acting Trustee shall have the right to reject any asset proposed to be transferred to the Trustee.

(b) Termination, Bifurcation or Modification of the Trust Due to Environmental Liability.

(1) If the Trust Estate holds one or more assets, the nature, condition or operation of which is an actual or threatened violation of any federal, state or local environmental law or regulation, the Trustee may take one or more of the following actions, if the Trustee, in its discretion, determines that such action is in the best interests of the Trust and its beneficiaries:

(A) modification of the Trust provisions, granting the Trustee such additional powers as are required to protect the Trust and its beneficiaries from liability or damage relating to actual or threatened violation of any federal, state or local environmental law or regulation;

(B) bifurcation of the Trust; or

(C) appointment of a Special Trustee to administer any Trust property or business which fails to comply with any federal, state or local environmental law or regulation.

(2) With court approval, the Trustee may terminate the Trust or partially or totally distribute the Trust Estate to its Beneficiaries.

(3) It is the intent of the Grantor that the Trustee shall have the widest discretion in identification of and response to administration problems connected to potential environmental liability to the Trust Estate and the Trustee, in order to protect the interests of the Trust, the Trustee and the beneficiaries of the Trust.

(c) The Trustee shall have the power to take, on behalf of the Trust, any action necessary to prevent, abate or otherwise remedy any actual or threatened violation of any federal, state or local environmental law or regulation, relating to any asset, which is or has been held by the Trustee as part of the Trust Estate.

(d) Indemnification of the Trustee from Trust Assets for Environmental Expenses.

(1) The Trustee shall be indemnified and reimbursed from the Trust Estate for any liabilities, loss, damages, costs or expenses arising out of or relating to federal, state or local environmental laws or regulations, as amended from time to time (hereinafter "Environmental Expenses").

(2) Environmental Expenses shall include, but shall not be limited to:

(A) costs of investigation, analysis, removal, remediation, response or other cleanup costs of contamination by hazardous substances, as defined under any applicable federal, state or local environmental law or regulation;

(B) legal fees and costs arising from any judicial, investigative or administrative proceeding relating to any federal, state or local environmental law or regulation;

(C) civil or criminal fees, fines or penalties, incurred under any federal, state or local environmental law or regulation; and

(D) fees and costs payable to environmental consultants, engineers or other experts, including legal counsel, relating to any federal, state or local environmental law or regulation.

(3) The right to indemnification or reimbursement shall extend to Environmental Expenses relating to:

(A) any real property or business enterprise which is or has been at any time owned or operated by the Trustee as part of the Trust Estate; and

(B) any real property or business enterprise which is or has been at any time owned or operated by a corporation, partnership or association in which the Trustee holds or has held at any time an ownership or management interest as part of the Trust Estate.

(4) The Trustee shall have the right to reimbursement for incurred Environmental Expenses without the prior requirement of expenditure of its own funds in payment of such Environmental Expenses, and shall have the right to pay Environmental Expenses directly from Trust assets.

(5) The right of indemnification or reimbursement shall apply to all Environmental Expenses, except those resulting from the Trustee's intentional wrongdoing, bad faith or reckless disregard of fiduciary obligation.

(6) If the assets of the Trust Estate are insufficient, or there is insufficient liquidity in the Trust Estate to satisfy the obligation of indemnification or reimbursement of the Trustee from the Trust Estate for Environmental Expenses, the Trustee shall have the right to request in writing indemnification or reimbursement for such Environmental Expenses directly from the Grantor and the beneficiaries.

12.37 Discretion of Trustee. Unless specifically limited, all discretions conferred upon the Trustee shall be absolute, and their exercise conclusive on all persons interested in the Trusts. The enumeration of certain powers of the Trustee shall not limit its general powers, the Trustee being vested with and having all the rights, powers and privileges with relation to the Trust Estate as could be exercised and executed by an

individual holding and owning the same property in absolute and unconditional ownership. All powers of the Trustee shall be exercised in a fiduciary capacity. The Trustee shall not be liable to the Trust or to any beneficiaries as a result of any losses, costs or damages of any kind, type or nature suffered or incurred by the Trust or by any beneficiary resulting from the Trustee's reasonable actions taken in good faith, the actual result of which could not have been reasonably anticipated.

12.38 Power to Disclaim, Restrict or Enlarge Powers of Trustee. The Trustee is authorized to disclaim, release or restrict the scope of any power that the Trustee may hold in connection with the Trusts created by this Trust Agreement, whether that power is expressly granted in the Trust Agreement or implied by law. The Trustee shall exercise this power in a written instrument executed by the Trustee specifying the power to be disclaimed, released or restricted and the nature of the restriction. In the event the Trustee may deem it advisable to have its authority and powers enlarged or extended for any reason or purpose, the Trustee is authorized to file an appropriate petition therefor in a court of competent jurisdiction, and the Trustee is authorized to comply with any order made in response to any such petition.

12.39 Disclosure to Third Parties. Any transfer agent or other person dealing with the Trust (hereinafter referred to as "third party") shall be entitled to rely upon a copy of those portions of this Article titled "POWERS OF TRUSTEE" and any amendments thereto setting forth the powers of the Trustee, which partial copy shall be certified as a true copy of those portions then in effect by the Trustee then acting. The third party shall incur no liability to the Trust or any Beneficiary hereunder for acting upon an order or request of the Trustee made pursuant to the terms hereof as set forth in the partial copy, and shall not be required to see to the disposition of any proceeds for the faithful discharge of the Trustee's duties hereunder. In no event shall any third party have access to a copy of the portion hereof setting forth the distribution of income and principal, except as may be determined in the absolute discretion of the Trustee. Alternatively, any such third party may rely upon a Certification of Trust by the Trustee given pursuant to Section 18100.5 of the California Probate Code or any similar provision.

ARTICLE 13

TRUST ADMINISTRATION:

13.1 Trust Administrative Provisions Set Forth in This Article. The provisions set forth in this Article shall apply to the administration of any and all Trusts created pursuant to the provisions of this Trust Agreement.

13.2 Bond of Trustee. No bond shall be required of any Trustee of any Trust created pursuant to the provisions of this Trust Agreement, regardless of residence and whether serving jointly or alone.

13.3 Compensation of Trustee. The Grantor and Spouse shall not receive any compensation for serving as Trustee pursuant to this Trust Agreement. In the event any other individual shall serve as Trustee or Co-Trustee, that individual serving as Trustee or Co-Trustee shall receive reasonable compensation for his or her services. The compensation for a Corporate Trustee's services shall be in accordance with the Corporate Trustee's published fee schedule from time to time existing for the administration of similar trusts in the state of California.

13.4 Profits and Losses Charged to Trust. The profits and losses arising from any activity of the Trustee as Trustee of any Trust created hereunder shall respectively inure to the benefit of or be charged against the respective Trust and not the Trustee.

13.5 Accrued and Undistributed Income. Except as may otherwise be specifically provided herein, upon the death of any Beneficiary for whom a Trust is held, any accrued or undistributed net income of that Beneficiary's Trust shall be held and accounted for, or distributed, in the same manner as if it had been accrued or received after the death of that Beneficiary. This Paragraph shall not be applicable to the Marital Trust or to any income derived by any Trust hereunder from an S Corporation (as defined in the Internal Revenue Code).

13.6 Payments Upon the Death of the Grantor or Spouse. Upon the death of either the Grantor or Spouse, the Trustee shall make the following payments:

- (a) the specific monetary and other bequests contained in the Will of the Grantor;
- (b) the charitable pledges of the Grantor, whether or not such charitable pledges are legally enforceable against the Grantor;
- (c) the expenses of burial and last illness of the Grantor;
- (d) any income, state, county and other taxes attributable to or chargeable against the Grantor;
- (e) all Death Taxes (as defined in Paragraph 13.8) attributable to
 - (1) properties subject to probate administration,

(2) properties included in the Trust Estate and occasioned or payable by reason of the death of the Grantor,

(3) insurance proceeds included in the Grantor's taxable estate,

(4) retirement benefits included in the Grantor's taxable estate, or

(5) any other property which passed through a pay on death provision and which is included in the Grantor's taxable estate,

arising with respect to transfers of property, whether outright or in trust, made by or on behalf of, or which are otherwise attributable to, the Grantor, whether during the life of the Grantor or subsequently, and all expenses and charges incidental to the determination thereof;

(f) any approved claims against the estate of the Grantor; and

(g) any expenses of probate, administration and other charges against the probate estate of the Grantor, including attorneys' fees and expenses incidental thereto.

13.7 Allocation of Payments to Trusts. Except as otherwise provided in the Paragraphs titled "Death Taxes; Apportionment" and "Powers and Duties Regarding Payment of GST Tax Liability" or elsewhere in this Trust Agreement, payments pursuant to the Paragraph titled "Payments Upon the Death of the Grantor or Spouse" shall be charged to and paid from that Trust on account of which the obligation is incurred or to which the obligation is properly attributable without any proration or charge therefor against any specifically designated Beneficiary thereof provided, however, that this direction shall not apply if the result of the application of this instruction would be an increase in state or federal death taxes, which could be avoided by a different allocation of such charges; provided further that such alternative allocation of charges is, in the Trustee's sole and absolute discretion, reasonably fair to all Beneficiaries of any Trust created hereunder. By way of illustration, in the event an election is made to qualify the Marital Trust for the federal estate tax marital deduction upon the death of the Grantor, no amount of estate tax occasioned or payable by reason of the death of the Grantor would be incurred with respect to or attributable to the Marital Trust; accordingly, no portion of such estate tax would be paid from, allocated to or otherwise charged against the Marital Trust.

If a payment cannot be properly charged or attributed to a specific Trust, the Trustee shall allocate such payment to one or more Trusts hereunder in any reasonable manner determined in the Trustee's sole and absolute discretion, subject to the

limitations expressly provided in this Trust Agreement including, without limitation, the provisions of the Marital Trust.

In general, any payment required to be made pursuant to the Paragraph titled "Payments Upon the Death of the Grantor or Spouse" or otherwise by reason of the death of, or an assignment by, the Grantor or Spouse, shall be charged, first, entirely, or to the extent possible, to a Nonexempt Trust (as defined in the Article titled "Provisions Regarding GST Tax"). Moreover, if by reason of the death of the Spouse any estate tax (including applicable interest and penalties, if any) is attributable to (or would subsequently be recoverable from) an Exempt Trust created under the Marital Trust of which the Grantor is considered the transferor for GST tax purposes, any payments pursuant to the Paragraph titled "Payments Upon the Death of the Grantor or Spouse" shall be charged instead, to the extent possible, to the Nonexempt Trust created under the Marital Trust of which the Grantor is the transferor for GST tax purposes, if any, provided, however, that this direction shall not apply if the result of the application of this instruction would be an increase in state or federal death taxes, which could be avoided by a different allocation of such charges; provided further that such alternative allocation of charges is, in the Trustee's sole and absolute discretion, reasonably fair to all Beneficiaries of any Trust created hereunder.

No payment of a community property liability hereunder shall exceed the Grantor's one-half (1/2) share of such community property liability. Further, for the purposes of making any of the payments mentioned in the Paragraph titled "Payments Upon the Death of the Grantor or Spouse," the Trustee shall not use (a) any proceeds of any insurance policies on the life of the Grantor, unless such insurance policies are includible in the estate of the Grantor, or (b) any distribution from a qualified retirement plan or individual retirement account with respect to the Grantor, for the payment of any taxes or expenses which shall be paid in accordance with the provisions of this Paragraph.

13.8 Death Taxes; Apportionment. The Death Taxes attributable to the Grantor shall be determined and apportioned according to the following principles:

(a) Death Taxes Defined. "Death Taxes" shall mean all estate, inheritance, succession or transfer taxes and any income or similar taxes on appreciation resulting from death, including interest, penalties, and any excise or supplemental taxes, imposed by the laws of any domestic or foreign taxing authority at the time of or by reason of the Grantor's death.

(b) Apportionment. Except as otherwise expressly provided in this Trust, including the provisions of this Paragraph 13.8, or in the Grantor's Will, it is the Grantor's intent that each recipient of property that is includible in the Grantor's taxable estate (whether passing under the provisions of this Trust or otherwise) shall pay

the Death Taxes (other than GST taxes) attributable to the property such recipient receives in accordance with the principles of Section 20110 of the California Probate Code and related sections, or any successor statutes or amendments thereto. The benefit of any credit, deduction, exclusion, exemption, or similar benefit relating to specific property, including but not limited to the marital deduction and charitable deduction, shall inure to the benefit of the recipient of the specific property.

(c) Death Taxes Attributable to Qualified Terminable Interest Property. Death Taxes (other than GST taxes) attributable to qualified terminable interest property includible in the Grantor's taxable estate under Section 2044 of the Internal Revenue Code and/or Section 2519 of the Internal Revenue Code, shall be apportioned, to the extent possible, to the qualified terminable interest property with the highest inclusion ratio, to the extent that doing so will not constitute a constructive addition with respect to any qualified terminable interest property with a lower inclusion ratio.

(d) Death Taxes Attributable to General Power of Appointment. Death Taxes (other than GST taxes) attributable to property subject to a general power of appointment granted hereunder, shall be charged against such property, unless the donee, by specific reference to the power, directs otherwise.

(e) Payment of GST Taxes. All GST taxes attributable to a direct skip occasioned by the Grantor's death and with respect to which the Grantor is the transferor shall be paid out of, and charged against, the property constituting the transfer as provided in Sections 2603(a)(3) and 2603(b) of the Internal Revenue Code. All GST taxes attributable to a taxable distribution occurring with respect to any Trust shall be paid by the transferee thereof as provided in Sections 2603(a)(1) and 2603(b) of the Internal Revenue Code, and all GST taxes attributable to a taxable termination occurring with respect to any Trust shall be paid by the Trustee and charged against the property constituting the transfer as provided in Sections 2603(a)(2) and 2603(b) of the Internal Revenue Code.

(f) Exoneration of Specific Gifts. Unless specifically provided to the contrary in the Grantor's Will or under this Trust Agreement, specific bequests, devises, or gifts made by the Grantor under the Grantor's Will or under this Trust Agreement and any interest in a college savings plan established under Section 529 of the Internal Revenue Code that is includible in the Grantor's taxable estate shall not be subject to apportionment, and the Death Taxes attributable to such property shall be paid out of the remaining Trust Estate without apportionment upon the death of the Grantor.

(g) Prior Taxable Gifts. The Death Tax attributable to any gift taxes includible in the Grantor's Gross Estate by Section 2035(b) of the Internal Revenue Code shall not be paid by the recipient of property that produced the gift tax includible by

Section 2035(b) of the Internal Revenue Code. All taxable gifts made by the Grantor during the Grantor's lifetime shall not be subject to apportionment.

(h) Income in Respect of Decedent. The income or similar tax attributable to appreciation by reason of the property not receiving a step-up in basis on the death of the Grantor shall be paid by the recipient of the property subject to the income or similar tax.

(i) Interest And Set Offs. In the discretion of the Trustee', Death Taxes attributable to property not passing under this Trust Agreement may be paid out of this Trust prior to recovering the attributable Death Tax from the recipient of that property.

(1) Attributable Death Tax that has not been paid by the recipient before the Trustee pays Death Taxes or that is not yet due, because the Trustee made a valid deferral election under Sections 6161, 6163 or 6166 of the Internal Revenue Code, shall bear interest at a rate equal to that imposed from time to time on the Trustee by the Internal Revenue Code or other taxing provisions.

(2) In the discretion of the Trustee, as a form of payment by a Beneficiary to the Trustee, any entitlement of that Beneficiary under this Trust may be applied in payment of that Beneficiary's share of the Death Taxes, and interest attributable to other property received by that Beneficiary.

(3) In its discretion, the Trustee may distribute the Trust according to its terms in whole or in part prior to final audit or settlement of the Death Tax and income tax liability of the Grantor's estate, notwithstanding that attributable Death Taxes may be altered thereafter.

(4) The Trustee shall not be personally liable for withholding an insufficient amount as a set off against the liability of a recipient or for failing to recover attributable Death Taxes or interest following reasonable efforts and shall not be required to litigate to enforce apportionment unless indemnified against attorneys' fees and costs thereof.

(j) Adjustments. The Trustee's selection of assets to be sold to pay Death Taxes, and the tax effects thereof, shall not be subject to question by any Beneficiary. The Trustee is hereby indemnified against any liability it may incur to any recipient of property not passing under this Trust for the effect of any action taken in the computation or payment of Death Taxes that directly or indirectly affects any recipient's liability under this provision. Elections or allocations authorized under the Internal Revenue Code may be made by the Trustee in its discretion without regard to or liability for the effect thereof on any Beneficiary. No adjustment shall be made between income and principal, in the relative interests of the recipients, or in the amount or selection of

assets allocated to any Trust to compensate for the effect of any such action or for the effect on the amount of any Death Tax attributable to any recipient of property includible in the Grantor's estate for Death Tax purposes.

(k) Conflict of Laws. For all purposes of interpreting this provision and ascertaining the rights of any recipient of property includible in the Grantor's estate for Death Tax purposes, the law of the state of California shall govern notwithstanding the nature or location of the property or the domicile of the recipient.

13.9 Payment of Expenses. Notwithstanding the provisions of the Paragraph titled "Principal and Income," the Trustee shall pay from income or principal of the Trust Estate, or partly from each, in the Trustee's sole and absolute discretion, the following:

(a) all expenses incurred in the administration of this Trust and the protection of the Trust against legal attack (including but not limited to reasonable attorneys' fees and compensation payable to the Trustee under the provisions of this Trust Agreement); provided, however, that no such expenses shall be paid from the Marital Trust as a result of the death of the Grantor except to the extent there is no other source available from which to pay such expenses; and

(b) except as otherwise specifically provided in the Paragraph titled "Death Taxes; Apportionment," all payments pursuant to the Paragraphs titled "Payments Upon the Death of the Grantor or Spouse" and "Powers and Duties Regarding Payment of GST Tax Liability."

It is the desire of the Grantor that the Trustee exercise its discretion pursuant to this Paragraph in a manner consistent with the intention of the Grantor to obtain the maximum federal estate tax marital deduction upon the death of the Grantor and not to reduce or otherwise adversely affect the Trust's qualification for any charitable deduction otherwise available for federal estate tax purposes. In particular, the Trustee may not exercise the discretion granted pursuant to this Paragraph so as to impose a material limitation on the income from Trust property otherwise qualifying for the federal estate tax marital deduction or charitable deduction, whether as provided in Treasury Regulation Section 20.2056(b)-4(a) or otherwise, and any such attempted exercise of discretion shall be void.

13.10 Disbursements in Good Faith. Unless the Trustee shall receive written notice of any birth, death or other event upon which the right to receive income or principal from a Trust may depend, the Trustee shall incur no liability for disbursements made in good faith to persons whose interests shall have been affected by that event.

13.11 Liability for Conduct of Co-Trustees, Predecessor Trustees and Successor Trustees. No Trustee or Co-Trustee shall be liable or responsible for any act,

omission or default of any other Co-Trustee, predecessor Trustee or successor Trustee, as the case may be, provided that such Trustee or Co-Trustee shall have had no knowledge of that act, omission or default and no knowledge of facts which might reasonably be expected to put such Trustee or Co-Trustee on notice thereof.

13.12 Accounting. Except as may otherwise be required by law, the Trustee shall not at any time be required to make any accounting of the administration of the Trust Estate to any court or public authority whatsoever. During the lifetime of the Grantor, the Trustee shall account or report information regarding any Trust created hereunder ("Account") only to the Grantor. Following the death of the Grantor and during the lifetime of the Spouse, the Trustee shall Account to the Spouse and the other Beneficiaries (or to the legal guardian or conservator of any Beneficiary who has not reached the age of majority or who has been declared incapacitated) as to each Trust created hereunder. After the death of the Spouse, the Trustee shall Account to the other Beneficiaries (or to the legal guardian or conservator of any Beneficiary who has not reached the age of majority or who has been declared incapacitated) as to each Trust created hereunder. Notwithstanding the provisions of Section 16062 of the California Probate Code or any other applicable law requiring an annual Account, any account or report required to be made pursuant to the terms of this Paragraph shall not be required to be made annually but, rather, shall be required to be made no more frequently than annually upon the reasonable request of the Grantor, the Spouse or the Beneficiaries (or legal guardian or conservator, as appropriate); provided, however, that nothing in this sentence shall alter the duty of the Trustee to Account at the termination of a Trust and upon a change of Trustees. The Trustee shall not be required to (but may, in the Trustee's sole discretion) Account to any person having a future interest (whether vested or contingent) in the Trust Estate. The written approval of an account by the Grantor, the Spouse, and the other Beneficiaries, as provided above, shall not be required; however, if such written approval is provided, it shall be final and conclusive with regard to all transactions disclosed in the account or report as to all beneficiaries of that Trust, including unborn and contingent beneficiaries.

13.13 Residence for Spouse. If any interest in the residence the Grantor and Spouse may be occupying at the time of the death of the Grantor is allocated to any Trust created hereunder, the Trustee is authorized and directed to allow the Spouse to use and occupy that residence as her residence without payment of rent therefor during her life, or so long as she continues to occupy that residence. Upon the written request of the Spouse, the Trustee shall sell or otherwise transfer the Trust's interest in that residence and shall purchase, acquire or build a residence of equal or lesser value, if and as requested by the Spouse. Title shall be taken in the name of the Trustee as to the interest so purchased or otherwise acquired, and the Spouse shall be allowed to occupy that residence on the terms previously set out in this Paragraph. If the Spouse does not request acquisition of another residence, or if the other residence is of lesser value, the Trustee shall invest the proceeds of that sale, or the amount not reinvested in another

residence, as the case may be, and shall administer and distribute the income and principal of those funds under the terms of this Trust Agreement exclusive of this Paragraph. If the Spouse ever ceases to occupy the residence in which a Trust hereunder owns an interest, the Trustee may sell that Trust's interest in that residence. The Trustee shall pay that Trust's proportionate share of the cost and expenses of maintaining that residence, including, but not limited to, property taxes, assessments, fire and casualty insurance premiums, maintenance costs, ordinary repairs and replacements, and reasonable improvements for that residence, from that Trust. The Trustee shall also pay that Trust's proportionate share of any notes secured by mortgages or deeds of trust on that residence from that Trust. As used in this Paragraph, the word "residence" shall mean the residence originally distributed to the Trustee and any other residence acquired in lieu thereof in accordance with the provisions of this Paragraph, whether occupied on a full-time or part-time basis, including resort property. Further, the term "residence" as used in this Paragraph shall include, without limitation, a dwelling house, mobile home, condominium, co-operative, own-your-own apartment unit and any other residential unit, including life care in a retirement facility.

13.14 Notification to Beneficiaries. The Trustee shall provide notification upon each and every date that (a) a portion of this Trust or any subtrust hereunder becomes irrevocable or (b) there is a change in Trustees of any irrevocable trust created hereunder, to the extent that such notification may be required under the laws of the state of California then in effect. Such notification shall contain the information as required under, be served in a manner consistent with, and be provided to each Beneficiary of any Trust so affected and to any other person as may be required under, the laws of the state of California then in effect. The notification required by this Paragraph may not be waived in any manner by the Grantor, the Trustee or any Beneficiary of any Trust hereunder, unless permitted by law.

13.15 Subjection of Assets to Probate. It is the intention of the Grantor to avoid probate through the use of this Trust. If, however, the Trustee determines that it shall be in the best interests of the Beneficiaries of the Trust, and the beneficial interests of the Beneficiaries shall not thereby be altered, the Trustee may subject any asset to probate to accomplish any appropriate purpose for the Estate of either the Grantor or the Spouse, this Trust, any Trust created hereunder or any Beneficiary.

ARTICLE 14

PROVISIONS REGARDING GST TAX:

14.1 Intention Regarding GST Tax. The Grantor intends that the Trustee shall perform (or refrain from performing) such acts as authorized pursuant to the terms of this Trust Agreement, or otherwise, as the Trustee shall determine, in the Trustee's sole discretion, with respect to any liability for the GST tax pursuant to Section

2601 of the Internal Revenue Code, whether imposed upon the Grantor, the Spouse, the Estate of the Grantor, the Estate of the Spouse, any trust created by either the Grantor or the Spouse, including, without limitation, the Trust or any subtrust created hereunder, or any beneficiary thereof, or upon any transferee or any other person or entity, in order to minimize the aggregate liability with respect to all estate, inheritance or other death taxes (including, without limitation, any GST tax) occasioned or payable by reason of the death of either the Grantor or the Spouse or both or otherwise arising as a result of transfers of property, whether outright or in trust, made by or on behalf of, or which are otherwise attributable to, either or both the Grantor and Spouse, whether during life or upon the death of either the Grantor or the Spouse.

14.2 Duties Regarding Allocation of GST Tax Exemption. The Trustee shall cooperate with and otherwise assist the executor of the Will of the Grantor and the executor of the Will of the Spouse (or such other persons who may make the election in the absence of an executor) in the allocation of all or any portion of the Grantor's or the Spouse's GST tax exemption (as defined in Section 2631 of the Internal Revenue Code), or of a counterpart exemption under any applicable state law, which has not been allocated during the respective lives of the Grantor and the Spouse. The Grantor does not require that any allocation of the GST tax exemptions of the Grantor or the Spouse benefit the transferees of any property equally, proportionally or in any other particular manner.

14.3 Creation of Separate Trusts Based Upon Inclusion Ratio. Notwithstanding any other provision of this Trust Agreement, if all or a portion of the GST tax exemption is or is anticipated to be allocated to any Trust hereunder, unless that Trust will thereby have an inclusion ratio (as defined in Section 2642 of the Internal Revenue Code) (the "Inclusion Ratio") of zero, that Trust shall be divided into two or more separate Trusts so that each Trust so created has an Inclusion Ratio of either zero (an "Exempt Trust") or one (a "Nonexempt Trust"). In so dividing a Trust, the Trustee shall distribute to the Nonexempt Trust property equal in value to the minimum amount necessary to establish that Trust with property in an amount necessary to produce an Inclusion Ratio of one while leaving the Exempt Trust with an Inclusion Ratio of zero. If a valid election is made pursuant to Section 2652(a)(3) to treat the Grantor as the transferor of all or part of the Marital Trust for purposes of the GST tax, the Trustee shall further divide any Exempt Trust and Nonexempt Trust created under the Marital Trust into separate Trusts, based upon the identity of the transferor of such Trust for purposes of the GST tax. Further, if property in a Trust having a certain Inclusion Ratio is directed to be added to a Trust with a different Inclusion Ratio, the Trustee may decline to make the addition and, instead, may administer the property as a separate Trust with provisions identical to the Trust to which it otherwise would have been added.

14.4 Power to Grant and Revoke General Testamentary Power of Appointment. The Trustee shall have the sole discretionary authority to amend the terms

of any Trust created hereunder (with the exception of the Marital Trust and any subtrusts thereunder) having an Inclusion Ratio greater than zero (a) to grant to any Beneficiary thereof a general testamentary power of appointment (as defined for federal estate tax purposes) with respect to such Beneficiary's interest therein, if the Trustee deems, in the Trustee's sole discretion, such action to be in the best interests of the beneficiaries of the Trust as a group, and (b) to eliminate or otherwise revoke such power of appointment, if created. Any amendment pursuant to this Paragraph may limit the amount subject to the power of appointment, may limit the class of permissible appointees of such Beneficiary's interest (including, without limitation, an appointment to only that Beneficiary's creditors), may require that the power of appointment be exercised jointly with another in a manner consistent with the objectives of the power or otherwise impose such conditions and limitations on its exercise as the Trustee shall determine. Any amendment granting a power of appointment shall be in writing stating any limitations on the exercise of such power and the manner in which it may be exercised. The Trustee shall send a copy of such amendment to the Beneficiary who is the grantee of the power. The Trustee may exercise the powers described in this Paragraph from time to time, and the Trustee may modify or reverse their prior exercise at any time.

14.5 Powers and Duties Regarding Payment of GST Tax Liability. If the Trustee determines that (a) any termination of an interest in or a power over Trust property constitutes a taxable termination pursuant to Section 2612(a) of the Internal Revenue Code, or (b) any distribution of Trust property constitutes a direct skip pursuant to Section 2612(c) of the Internal Revenue Code, the Trustee shall pay the amount of GST tax arising from such termination or distribution from the Trust property to which it relates, without adjustment of the relative interests of the Trust beneficiaries. If the Trustee determines that any distribution from a Trust (other than pursuant to a power to withdraw or appoint) is a taxable distribution pursuant to Section 2612(b) of the Internal Revenue Code, the Trustee shall have the power, exercisable if and to the extent determined by the Trustee in the Trustee's sole discretion, to augment the distribution by an amount which the Trustee estimates to be sufficient to pay all or a portion of the GST tax arising as a result of such distribution and shall charge the amount of the augmentation against the Trust to which the distribution relates. Any payments required or otherwise authorized pursuant to the terms of this Paragraph shall be made in coordination with the payments required by the Paragraph titled "Payments Upon the Death of the Grantor or Spouse" and shall be subject to the limitations expressly provided in this Trust Agreement including, without limitation, the provisions of Article 6 regarding the Marital Trust. If any GST tax paid pursuant to this Paragraph is imposed in part by reason of Trust property and in part by reason of property not held as part of the Trust Estate, the Trustee shall only pay that portion of the tax which the value of the Trust property taxed bears to the total property taxed, taking into consideration deductions, exemptions and other factors which the Trustee deems pertinent, in the Trustee's sole discretion.

14.6 General Powers Regarding GST Tax and Other Considerations.

All provisions of this Trust Agreement, except to the extent inconsistent with the marital deduction objectives of the Marital Trust or other objectives of the Grantor, shall be construed to permit the division, consolidation and administration of, and distributions from, the Trust in a timely manner consistent with the Grantor's objective of obtaining the efficient and effective use of the respective available GST tax exemptions of the Grantor and the Spouse and otherwise reducing the incidence of the GST tax and other death taxes. Except as expressly provided in this Trust Agreement to the contrary, including, without limitation, the provisions of Article 6 regarding the Marital Trust, the Trustee shall have the sole discretionary authority to do any and all acts as the Trustee may deem necessary or desirable in furtherance of the Grantor's intentions, subject to the Trustee's fiduciary and other considerations, including, without limitation, the authority to:

- (a) allocate the burden of any GST tax in an equitable manner, whether or not pro rata;
- (b) pay or withhold any GST taxes levied upon any Trust from such sources of funds as the Trustee deems prudent and advisable;
- (c) make adjustments, unless otherwise restricted, in the amounts to be received by the beneficiaries in compensation for the tax consequences of paying or otherwise allocating the burden of the GST tax;
- (d) make distributions to beneficiaries from such sources of funds or other property as the Trustee deems prudent and advisable, unless otherwise restricted;
- (e) divide any Trust established or to be established pursuant to this Trust Agreement, including, without limitation, the Marital Trust, into separate Trusts; and
- (f) consolidate or otherwise combine separate Trusts: (1) having identical Inclusion Ratios; or (2) having different Inclusion Ratios if the Trustee believes that economic efficiency or other compelling considerations justify sacrificing their distinct GST tax characteristics; provided, however, that the Marital Trust or any subtrust thereof may not be combined with any Trust other than a subtrust of the Marital Trust prior to the death of the Spouse.

Except as expressly provided to the contrary in this Trust Agreement, if a Trust otherwise to be established is divided under the provisions of this Article into separate Trusts, each such subtrust shall have the same provisions as the Trust from which it was established and references in this Trust Agreement to such original Trust shall collectively refer to the separate subtrusts derived from it. The Trustee may exercise the powers described in this Paragraph from time to time, and such powers may be used to modify or reverse their

prior exercise. In deciding whether and how to exercise these powers, the Trustee may take account of efficiencies of administration, GST and other transfer tax considerations, income tax factors affecting the various Trusts and their beneficiaries, present and future financial and other objectives of the various Trusts and their beneficiaries, the need or desirability of having the same or different Trustees for various Trusts or shares, and any other considerations the Trustee may deem appropriate. There is no requirement that any acts taken to reduce the incidence of any tax occasioned or payable by reason of the death of either or both the Grantor and the Spouse benefit the transferees of such property equally, proportionally or in any other particular manner.

14.7 Successor Trustee for Certain Purposes. Notwithstanding anything herein to the contrary, the Trustee may not exercise any power granted pursuant to this Article including, without limitation, (a) the power to make or participate in any decision regarding the allocation of the respective GST tax exemptions of the Grantor and the Spouse and (b) the power to create, eliminate or modify any power of appointment, in any way that would have the effect of granting the Trustee a general power of appointment (as defined for federal estate tax purposes) over property with respect to which the Trustee would not otherwise have such a general power. If this prohibition renders the Trustee unavailable to perform a duty or exercise a particular power, the person, persons or entity who would serve as successor Trustee to the Trustee shall serve as the Trustee for that limited purpose. If the successor Trustee so selected would similarly be prohibited from acting pursuant to the provisions of this Paragraph, the procedure provided in this Trust Agreement for selecting a successor Trustee shall be followed until a successor Trustee not so prohibited shall serve as Trustee for that limited purpose.

14.8 Exoneration of Trustee. The Trustee shall not be liable for any good faith exercise of, or failure to exercise, the Trustee's powers pursuant to the provisions of this Article. In the event the Trustee's actions result in a detriment to one or more beneficiaries or other transferees, it is the Grantor's intention that such beneficiaries and transferees shall exonerate and otherwise hold harmless the Trustee with respect to such detriment.

14.9 Simultaneous Death. Notwithstanding any provision in this Trust Agreement to the contrary, if pursuant to the terms of this Trust Agreement (a) property is to pass to or is to be held in trust for a lineal descendant of the Grantor (or of the Spouse or of a former spouse of the Grantor) (a "Deceased Child") and (b) in the event of the death of such Deceased Child, such property is to pass to a further lineal descendant of the Grantor (or of the Spouse or of a former spouse of the Grantor) assigned to a generation (as determined pursuant to the provisions of Internal Revenue Code Section 2651) younger than the Deceased Child (a "Deceased Grandchild"), then, in the event that a Deceased Child and a Deceased Grandchild die simultaneously or under circumstances that make it difficult or impossible to determine their order of survival, the Trustee is

hereby authorized to and shall presume, for purposes of this Article, that the Deceased Child and the Deceased Grandchild have died simultaneously.

ARTICLE 15

DEFINITIONS AND RULES OF CONSTRUCTION:

15.1 Definitions Set Forth in This Article. The following definitions and rules of construction shall apply to the terms listed in this Article wherever those terms are used in this Trust Agreement and wherever reference is made to those terms in this Trust Agreement.

15.2 Artistic Property. For purposes of this Trust Agreement, the term "Artistic Property" means (A) all intellectual property rights beneficially held by the Trust Estate (or to be acquired by the Trust Estate as a result of the death of the Grantor) (whether such ownership is outright or through an entity), which are attributable to any and all of the Grantor's efforts with respect to his music, including, without limitation, all of his rights as a recording artist, composer, publisher and/or record producer; and (B) all tangible personal property held by the Trust Estate (or to be acquired by the Trust Estate as a result of the death of the Grantor) which are attributable to any and all of the Grantor's efforts with respect to his music, including, without limitation, as a recording artist, composer, publisher and/or record producer (such as audio and visual recording masters).

15.3 Beneficiary. The term "Beneficiary" shall be deemed to mean and is intended to include only those persons for whom a part of the Trust Estate has been apportioned. The term "Beneficiary" shall specifically not include any person who legally might be considered as a residuary or contingent beneficiary, and any such person shall be considered as a "Beneficiary" only at such time as a part of the Trust Estate actually has been apportioned for his use and benefit in accordance with the terms and provisions of this Trust Agreement or any amendments thereto.

15.4 Corporate Trustee. The term "Corporate Trustee" shall mean a corporation, the trust department of a bank or the trust department of any title insurance company, which is authorized by state law to be engaged and act as a trustee.

15.5 Education. The term "education" shall be construed to include private preschool, elementary and secondary education (including instruction in music, art, computers, sports and physical education, and other subjects and topics, and whether conducted before, during or after the regular school day, and wherever located or held), vocational training, college and postgraduate study (including professional education), so long as pursued to the advantage of a beneficiary, at any recognized educational institution of a beneficiary's choice; and in determining payments to be made for education, the Trustee shall take into consideration a beneficiary's tuition, books,

supplies, tutors, appropriate travel expenses and reasonable living expenses. Notwithstanding the foregoing, education shall not have any meaning broader than that allowed by Section 2041(b) of the Internal Revenue Code.

15.6 Gender or Number. The masculine, feminine or neuter gender, and the singular or plural number, shall each be deemed to include the others whenever the context so indicates.

15.7 Incapacity. The terms "incapacitated" or "incapacity," and the term "unable to serve" or equivalents thereof, as applied to any beneficiary or successor Trustee hereunder, shall be deemed to include not only a person who has been judicially declared incapacitated and a person for whom a guardian or conservator or other fiduciary of the person or estate or both shall have been appointed, but also a person who shall be deemed to have become substantially unable to manage his or her own financial resources or resist fraud or undue influence. That incapacity shall be evidenced by the written statement of two (2) licensed physicians upon the request of any beneficiary, Trustee or successor Trustee hereunder. In the case of a person who is serving as Trustee hereunder, the person or institution designated as next successor Trustee may commence acting in such capacity upon that evidence without liability by reason thereof. Any person who has been determined to be incapacitated under the provisions of this Paragraph shall be deemed to have regained his or her capacity for all purposes of this Trust, including to resume acting as Trustee, upon a written statement to that effect by two (2) licensed physicians.

15.8 Internal Revenue Code. Reference to code sections of the "Internal Revenue Code" shall refer to those sections of the Internal Revenue Code of 1986, as amended, as they exist at the time of execution of this Trust Agreement and any corresponding or substitute provisions from time to time existing and to the regulations pertaining to those sections.

15.9 Issue; Child; Children. Subject to the provisions of the Article titled "Declarations Concerning Family," the terms "issue," "child" and "children" shall mean lawful lineal descendants of all degrees, specifically including the following:

(a) A child born outside of wedlock, if a parent and child relationship existed between such child and his or her deceased parent as determined under the laws of the state of California.

(b) Adopted persons and their issue, provided that the person was adopted when he or she was a minor, and shall include any person conceived prior to the death of such person's deceased parent but born thereafter.

(c) A person born as a result of artificial insemination, in vitro fertilization or other medical intervention, which person shall be deemed to be a genetic

descendant of (1) the woman (other than a woman who was contractually serving as a surrogate mother) who gave birth to such person (the "birth mother") and (2) the birth mother's domestic partner at the time such person was conceived or implanted, unless there is clear and convincing evidence that the birth mother's domestic partner withheld consent to the medical intervention and did not subsequently voluntarily acknowledge parentage. In the event of any question whether (A) a birth mother's domestic partner withheld consent to a medical intervention for purposes of this Paragraph or (B) parentage has been voluntarily acknowledged for purposes of this Paragraph, then the determination of the Trustee (other than the birth mother or the putative parent) shall be binding on all persons interested in the Trusts hereunder and on all persons claiming to be so interested.

Unless expressly specified otherwise, distribution or apportionment to or among children and/or issue shall be made by right of representation.

15.10 Net Income. The term "net income" shall mean the income from the Trust Estate determined in accordance with this Trust Agreement and after the payment or reservation of sufficient funds to pay all expenses of management and administration of the Trust Estate, including the compensation of the Trustee.

15.11 Or. The word "or" used in any list of more than two items other than a list of Beneficiaries shall be construed to include the conjunctive as well as the disjunctive.

15.12 Spouse. The term "spouse" shall include only persons who are lawfully married to and not legally separated from the person to whose spouse reference is made.

15.13 Support, Maintenance and Health. The terms "support," "maintenance" and "health" shall have the same meanings in this Trust Agreement as those terms have under Section 2041(b) of the Internal Revenue Code.

15.14 Survival. For purposes of this Trust Agreement, unless a specific period of survival is otherwise provided herein, a person shall be deemed to have survived the Grantor or Spouse (as appropriate) or shall be deemed to have been living at the date of the death of the Grantor or Spouse (as appropriate) only if such person survived the Grantor or Spouse (as appropriate) by at least ninety (90) days. Unless such person has survived the Grantor or Spouse (as appropriate) by at least ninety (90) days, such person shall be deemed to have predeceased the Grantor or Spouse (as appropriate).

15.15 Trust. The term "Trust" shall specifically include any Trusts created hereunder.

15.16 Trustee. The term "Trustee" shall be deemed to include not only the singular, but also the plural, and to include any successor Trustee or Co-Trustees.

15.17 Trust Estate. The term "Trust Estate" shall be deemed to mean all of the property held in trust by the Trustee.

ARTICLE 16

GENERAL TRUST PROVISIONS:

16.1 Termination. Unless sooner terminated in accordance with other provisions of this Trust Agreement, each Trust created under this Trust Agreement shall terminate after the latest of:

- (a) twenty-one (21) years after the latest of:
 - (1) the death of the Grantor;
 - (2) the death of all of the issue (if any) of the Grantor who are living at the time of the death of the Grantor;
 - (3) the death of any other Beneficiary of the Trusts created hereunder living at the time of the death of the Grantor; or

- (b) such later time as may then be allowed by law.

All principal and undistributed income of any Trust so terminated shall be distributed to the then income Beneficiaries of that Trust in the proportions in which they are, at the time of termination, entitled to receive that income. However, if the rights to income are not then fixed by the terms of that Trust, distribution under this Paragraph shall be made to the Beneficiaries as are then entitled or authorized in the discretion of the Trustee to receive payments from that Trust. In the event there are no Beneficiaries so entitled, the Trustee shall use any reasonable method to make the distribution required hereunder, as determined in the Trustee's discretion.

16.2 Spendthrift Provision. No interest of any Beneficiary of any Trust created in this Trust Agreement shall be subject to sale, assignment, hypothecation or transfer by any Beneficiary, other than in the exercise of a power of appointment given to the Beneficiary, nor shall the principal of any Trust, or the income arising therefrom, be liable for any debt of any Beneficiary, or be subject to attachment by or the interference by or control of any creditor of any Beneficiary, or be taken or reached by any legal or equitable process in satisfaction of any debt or liability of any Beneficiary, including, without limitation, the process of any court in aid of execution of any judgment so rendered. All of the income and principal under any Trust shall be transferable, payable

and deliverable only to the designated Beneficiary at the time the Beneficiary is entitled to take under the terms of this Trust. The personal receipt of the Beneficiary may be made a condition precedent to the payment or delivery by the Trustee to that Beneficiary. The Trustee may, however, deposit in any bank designated in writing by a Beneficiary, to his or her credit, income or principal payable to that Beneficiary. This Article shall not restrict any authority of the Trustee to use and disburse funds for the support, maintenance, health and education of a Beneficiary, or to disburse funds to a guardian or conservator as herein provided.

16.3 Incontestability.

(a) Intentional Omission. The Grantor has intentionally made no provision in this Trust Agreement for any heirs or relatives of the Grantor who are not herein mentioned or designated, and the Grantor generally and specifically has intentionally omitted to provide for every person claiming to be or who may be determined to be an heir-at-law of the Grantor, except as otherwise mentioned in this Trust Agreement.

(b) Contest. Anyone (singly or in conjunction with anyone else) who is or who may become a beneficiary under this Trust Agreement and any charitable organization who may be a beneficiary under this Trust Agreement who shall contest, attack or seek to impair or invalidate in any court any provision of the following:

- (1) the Trust (or any Trusts created hereunder) or any other revocable or irrevocable trust established by the Grantor, and any amendments to any of the foregoing Trusts;
- (2) the Will of the Grantor or any codicil to any Will of the Grantor;
- (3) any designation of beneficiary executed by the Grantor with respect to any insurance policy, annuity, individual retirement account, or qualified or non-qualified employee benefit plan or plan of deferred compensation or other assets passing outside this Trust Agreement or the Will of the Grantor;
- (4) any written agreement between the Grantor and the Spouse defining or altering their property rights as married persons;
- (5) the characterization of the property held as part of the Trust Estate as the Grantor's separate property;
- (6) any buy-sell agreements; or

(7) any family partnership agreements or limited liability company operating agreements,

and anyone who shall conspire with or voluntarily assist anyone attempting to do any of these things, shall not be entitled to any benefits under any Trust created hereby, and any and all benefits and portions of the income or principal or both of this Trust otherwise provided to be paid to that person or charitable organization (1) in the case of a person, shall be paid and distributed as though that person had died without issue before becoming entitled to receive any income or any portion of the principal of this Trust or (2) in the case of a charitable organization, shall be distributed to any one or more other charitable organization(s) which qualify for tax exemption under Internal Revenue Code Section 501(c)(3) and which meet the charitable intentions of the Grantor consistent with the provisions of this Trust Agreement (including, without limitation, any one or more of the charitable organizations named in this Trust Agreement which are not disqualified under this Paragraph), as determined by the Trustee, in the Trustee's sole discretion.

(c) Election of Spouse. The Grantor believes that all property made a part of the Trust Estate and all rents, issues, profits, increases and appreciation therefrom are the Grantor's separate property. The provisions regarding the division and allocation of the Trust Estate reflect the Grantor's intention to dispose of the Trust Estate in whole. In the event that the Spouse pursues her independent legal rights (if any) to community or separate property of the Spouse which she believes (reasonably or otherwise) to be held as part of the Trust Estate, the Spouse shall be deemed to have elected to renounce all right or interest in the specific allocation conditionally provided pursuant to Paragraph 5.4 (including any right of NANCY COSTICK and/or DYLAN), in accordance with the principles established in *Burch v. George*, 7 Cal 4th 246 (1994). In furtherance of the Grantor's intentions and his desire to discourage litigation relating to the division and allocation of the Trust Estate, the Grantor expressly intends that any action or proceeding to determine the character, title or ownership of property held as part of the Trust Estate shall be deemed to be a contest of this Trust and the Trusts created hereunder, in accordance with Section 21305(a)(2) of the California Probate Code. In interpreting and administering the provisions of this Paragraph 16.3(c), the Trustee is directed to take all actions necessary to preserve the availability of the federal estate tax marital deduction under Section 2056 of the Internal Revenue Code.

(d) Intentions of the Grantor. The provisions of this Paragraph shall apply even though such person or entity shall be found by a court of law to have originated the judicial proceeding in good faith and with probable cause. Notwithstanding anything to the contrary contained herein, a "contest" shall include any similar action to the above in an arbitration proceeding. The provisions of this Paragraph shall not apply to any disclaimer by any person of any benefit under this Trust Agreement or under any Will. The Trustee is specifically authorized to defend, at the expense of the Trust Estate, any contest or attack of any nature upon this Trust Agreement, and any

other action or matter that would interfere with the disposition of assets of the Trust Estate pursuant to the Grantor's estate plan as provided in this Trust Agreement, the Grantor's Will, said beneficiary designations, amendments to said documents and any other documents that are testamentary in nature.

16.4 Disinheritance for Assertion of Claims. Anyone (singly or in conjunction with anyone else) who is or may become a beneficiary under this Trust Agreement and any charitable organization who may be a beneficiary under this Trust Agreement who asserts any claim against the Trust Estate, the Grantor's probate estate, or against any other trust created in whole or in part by the Grantor based on:

- (a) common-law marriage;
- (b) the theory of Marvin v. Marvin, 18 Cal. 3d 660 (1976), or any similar theory;
- (c) a "quantum meruit" theory;
- (d) a constructive trust theory; or
- (e) an alleged oral agreement (or an alleged written agreement which is to be proved by parol evidence), claiming that the Grantor agreed to give or bequeath anything to such person or entity or to pay such person or entity for services rendered (whether or not the court finds such agreement exists),

or otherwise files a frivolous petition or objection, and anyone who shall not defend or assist in good faith in the defense of any and all such claims shall not be entitled to any benefits under any Trust created hereby, and any and all benefits and portions of the income or principal or both of this Trust otherwise provided to be paid to that provided to be paid to that person or charitable organization (1) in the case of a person, shall be paid and distributed as though that person had died without issue before becoming entitled to receive any income or any portion of the principal of this Trust or (2) in the case of a charitable organization, shall be distributed to any one or more other charitable organization(s) which qualify for tax exemption under Internal Revenue Code Section 501(c)(3) and which meet the charitable intentions of the Grantor consistent with the provisions of this Trust Agreement (including, without limitation, any one or more of the charitable organizations named in this Trust Agreement which are not disqualified under this Paragraph), as determined by the Trustee, in the Trustee's sole discretion. The provisions of this Paragraph shall apply even though such person or entity shall be found by a court of law to have originated the judicial proceeding in good faith and with probable cause. The provisions of this Paragraph shall not apply to any disclaimer by any person of any benefit under this Trust Agreement or under any Will. The Trustee is specifically authorized to defend, at the expense of the Trust Estate, any contest or attack

of any nature upon this Trust Agreement. This Paragraph shall not be applicable to the Spouse with respect to the Marital Trust.

16.5 Costs of Defense Charged Against Contestant. Notwithstanding the foregoing provisions of Paragraph 16.3 and Paragraph 16.4, if the Trustee is unsuccessful in defending any matter or action described therein and does not settle such matter or action and if for any reason the distributions and/or allocations of interests in the Trust Estate to the contestant under this Trust Agreement and/or the Will of the Grantor are not forfeited, all of the costs of such defense shall be charged against the distributions and/or allocations of interests to the contestant under this Trust Agreement and/or the Will of the Grantor, and all distributions and/or allocations of interests to the contestant under this Trust Agreement and/or the Will of the Grantor shall be reduced on a dollar-for-dollar basis by aggregate net value as determined by the Trustee, of all real and personal property passing to or distributable to or for the benefit of the contestant as a result of such matter or action, including, without limitation, assets of the Trust Estate or the Grantor's probate estate, insurance proceeds, employee benefits and deferred compensation. In making any settlement of such matter or action, the Trustee shall consider the foregoing provisions of this Paragraph and shall abide by them to the extent possible.

16.6 Invalidity. If any part, clause, provision or condition of this Trust Agreement shall be adjudged to be invalid or unenforceable, then, notwithstanding the invalidity or unenforceability of that part, clause, provision or condition, the remainder of this Trust Agreement shall continue and shall remain in full force and effect and that part, clause, provision or condition shall be reduced in scope to the minimum extent necessary to avoid the invalidity.

16.7 Governing Law. Subject to the Paragraph titled "Power to Transfer Trust to or from Another Jurisdiction," the internal laws (and not the law of conflicts) of the state of California in force from time to time shall govern the validity, construction, interpretation and administration of this Trust, except that all matters relating to real property shall be governed by the laws of the situs of that real property, including that state's conflict-of-law principles.

16.8 Disclaimers. Any Beneficiary shall have the right to disclaim all or any part of any interest in property to which he or she may be entitled under this Trust Agreement, by giving written notice of such disclaimer to the then-acting Trustee, to the adult Beneficiaries, to the guardians of any minor Beneficiaries and to the conservators of any incapacitated Beneficiaries; provided, however, that a failure to notify the adult Beneficiaries, the guardians of any minor Beneficiaries and the conservators of any incapacitated Beneficiaries regarding a Beneficiary's disclaimer shall not affect the validity or qualification of any disclaimer under any federal or state law. The notice shall be delivered personally or by certified or registered mail, postage prepaid, return receipt

requested. Such disclaimer shall also in all respects comply with the applicable laws, rules, regulations and procedures, whether legislative, administrative, judicial or otherwise, as may be appropriate. Except as otherwise provided herein, any interest so disclaimed shall be held or distributed as if the disclaimant was deceased as of the effective date of such disclaimer. No other interest of the Beneficiary shall be affected by the disclaimer, unless that interest shall also be disclaimed.

16.9 Headings and Captions. The headings and captions appearing at the commencement of the Articles and Paragraphs are descriptive only and for convenience in reference. Should there be any conflict between any such heading or caption and the language of the Article or Paragraph over which the heading appears, the language of the Article or Paragraph, and not such heading or caption, shall control and govern in the construction of this Trust Agreement.

16.10 Cross-References. All cross-references to Articles and Paragraphs contained in this Trust Agreement, unless otherwise specifically directed to another agreement or document, refer to provisions in this Trust Agreement and shall not be deemed to be references to any other agreement or document.

16.11 Notices. Unless applicable law requires a different method of giving notice, any and all notices, demands or other communications required or desired to be given hereunder by any party shall be in writing and shall be validly given or made to another party if served personally or if deposited in the United States mail, certified or registered, postage prepaid or if transmitted by telegraph, telecopy or other electronic written transmission device. If such notice, demand or other communication is served personally, service shall be conclusively deemed made at the time of such personal service. If such notice, demand or other communication is given by mail, it shall be conclusively deemed given seventy-two (72) hours after the deposit thereof in the United States mail. If such notice, demand or other communication is served by telegraph or if by other carrier service, it shall be conclusively deemed given upon confirmation of delivery by the carrier. If such notice, demand or other communication is served by electronic transmission device, it shall be deemed given seventy-two (72) hours after sending such notice, demand or communication, unless proof of earlier receipt is available. Any notice, demand or other communication to be given hereunder shall be addressed to the party to whom such notice, demand or other communication is to be given at the last known address for that party. Any party hereto may change its address for the purpose of receiving notices, demands and other communications as herein provided by a written notice given in the manner aforesaid to the Trustee hereof.

ARTICLE 17

EXECUTION:

17.1 Declaration of the Grantor. The undersigned Grantor does hereby certify that he has read this Trust Agreement and it fully and accurately sets out the terms, Trusts and conditions under which the Trust Estate herein described is to be held, managed and disposed of by the Trustee herein named, and he hereby approves, ratifies and confirms this Trust Agreement in all particulars.

17.2 Execution by the Grantor. Executed at Malibu, California, on September 7, 2006.

GRANTOR:


THOMAS EARL PETTY

17.3 Execution by the Trustee. The foregoing Trust Agreement has been accepted by the Trustee thereunder.

TRUSTEE:


THOMAS EARL PETTY

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On September 7, 2006, before me, Tina Cavaleri,
(here insert name and title of the officer)

a Notary Public, personally appeared THOMAS EARL PETTY, personally known to me
(or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon behalf of which the
person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Tina Cavaleri



(SEAL)

EXHIBIT 3

**FIRST AMENDMENT TO THE
THIRD AMENDED AND RESTATED
THOMAS EARL PETTY LIVING TRUST**

This FIRST AMENDMENT TO THE THIRD AMENDED AND RESTATED THOMAS EARL PETTY LIVING TRUST ("First Amendment") is entered into between THOMAS EARL PETTY ("Grantor") and THOMAS EARL PETTY ("Trustee"), with reference to the following facts:

A. On February 24, 1999, the Grantor and Trustee executed the Thomas Earl Petty Living Trust (the "Original Trust").

B. On March 4, 1999, the Grantor and the Trustee executed a First Amendment to the Original Trust.

C. On January 28, 2002, the Grantor and the Trustee executed a Second Amendment to the Original Trust.

D. On August 20, 2003, the Grantor and Trustee executed the Amended and Restated Thomas Earl Petty Living Trust (the "First Amended Trust"), thereby amending and restating the Original Trust in its entirety.

E. On January 18, 2005, the Grantor and Trustee executed the Second Amended and Restated Thomas Earl Petty Living Trust (the "Second Amended Trust"), thereby amending and restating the First Amended Trust in its entirety.

F. On September 7, 2006, the Grantor and Trustee executed the Third Amended and Restated Thomas Earl Petty Living Trust (the "Third Amended Trust"), thereby amending and restating the Second Amended Trust in its entirety.

G. Pursuant to Paragraph 2.1 of the Third Amended Trust, the Grantor reserved the right to amend the Third Amended Trust during his lifetime.

H. The Grantor desires to amend the Third Amended Trust as provided herein.

NOW, THEREFORE, the parties agree as follows:

1. Paragraph 5.2 of the Third Amended Trust is hereby deleted in its entirety and the following is substituted in lieu thereof:

"5.2 Creation of the Artistic Property Entity and Allocation of Interests Therein. The Trustee shall first set aside all of the Artistic Property (as that term is defined in Paragraph 15.2) held by the Trust Estate (or to be received by the Trust Estate as a result of the death of the Grantor). The Trustee is hereby directed to create a California limited liability company (or such other entity as the Trustee deems appropriate) (the 'Artistic Property Entity') to hold the Artistic Property. The membership interests in the Artistic Property Entity shall be held as follows:

(a) If the Spouse survives the Grantor, then the Trustee shall allocate an undivided one-third (1/3) membership interest (or other beneficial interest) in the Artistic Property Entity to the Marital Trust to be created pursuant to Paragraph 5.3. If the Spouse does not survive the Grantor, then the allocation of such undivided one-third (1/3) interest in the Artistic Property Entity pursuant to this Paragraph 5.2(a) shall lapse and such undivided one-third (1/3) interest in the Artistic Property Entity shall be added to the allocation pursuant to Paragraph 5.2(b).

(b) The Trustee shall allocate an undivided two-thirds (2/3) membership interest (or other beneficial interest) in the Artistic Property Entity to the Issue's Trust to be created pursuant to Paragraph 5.3.

With respect to the creation of the Artistic Property Entity, the Trustee is directed to create the governing documents of the Artistic Property Entity such that those of the Spouse, ADRIA and KIM who are living at the time of creation of the Artistic Property Entity shall be entitled to participate equally in the management of the Artistic Property Entity, even though their respective economic interests in the Artistic Property Entity are not equal."

2. Paragraph 5.4 of the Third Amended Trust is hereby deleted in its entirety and the following is substituted in lieu thereof:

"5.4 Allocation to Marital Trust; Alternate Distribution of Marital Trust Assets If Spouse Does Not Survive the Grantor. Subject to the provisions of Paragraph 5.5, the Trustee shall allocate certain of the assets of the Trust Estate as follows:

(a) If the Spouse Survives the Grantor. If the Spouse survives the Grantor, the Marital Trust shall consist of the

following property and shall be held, administered and distributed in accordance with the provisions of Article 6:

(1) Malibu Residence. The Trustee shall allocate to the Marital Trust any interest held by the Trust Estate (or to be acquired by the Trust Estate as a result of the death of the Grantor) in that certain real property located at REDACTED REDACTED, including any insurance thereon and any furniture, furnishings and appliances located therein, but subject to any encumbrances secured thereby (collectively, the 'Malibu Residence'). If the Trust Estate does not own an interest in the Malibu Residence at the time of operation of this Paragraph (and will not acquire such an interest in the Malibu Residence as a result of the death of the Grantor), then the allocation contemplated by this Paragraph 5.4(a)(1) shall be of no force or effect.

(2) Beach House Property. The Trustee shall allocate to the Marital Trust any interest held by the Trust Estate (or to be acquired by the Trust Estate as a result of the death of the Grantor) in that certain real property located at REDACTED REDACTED, including any insurance thereon, but subject to any encumbrances secured thereby (collectively, the 'Beach House Property'). If the Trust Estate does not own an interest in the Beach House Property at the time of operation of this Paragraph (and will not acquire such an interest in the Beach House Property as a result of the death of the Grantor), then the allocation contemplated by this Paragraph 5.4(a)(2) shall be of no force or effect.

(3) Zumeriz Condo. The Trustee shall allocate to the Marital Trust any interest held by the Trust Estate (or to be acquired by the Trust Estate as a result of the death of the Grantor) in that certain real property located at REDACTED REDACTED, including any insurance thereon, but subject to any encumbrances secured thereby or any residential real property which was purchased as a substitute residence and which is owned by the Trust Estate (or will be acquired by the Trust Estate as a result of the death of the Grantor) (the 'Zumeriz Condo'). If the Trust Estate does not own an interest in the Zumeriz Condo at the time of operation of this Paragraph (and will not acquire such an interest in the Zumeriz Condo as a result of the death of the Grantor), then the allocation contemplated by this Paragraph 5.4(a)(3) shall be of no force or effect.

(4) Palisades Residence. The Trustee shall allocate to the Marital Trust any interest held by the Trust Estate (or to be acquired by the Trust Estate as a result of the death of the Grantor) in that certain real property located at REDACTED REDACTED, including any insurance thereon, but subject to any encumbrances secured thereby or any residential real property which was purchased as a substitute residence and which is owned by the Trust Estate (or will be acquired by the Trust Estate as a result of the death of the Grantor) (the 'Palisades Residence'). If the Trust Estate does not own an interest in the Palisades Residence at the time of operation of this Paragraph (and will not acquire such an interest in the Palisades Residence as a result of the death of the Grantor), then the allocation contemplated by this Paragraph 5.4(a)(4) shall be of no force or effect.

(5) One-Third Beneficial Interest in the Artistic Property Entity. As stated in Paragraph 5.2, the Marital Trust shall hold an undivided one-third (1/3) beneficial interest in the Artistic Property Trust.

(6) 10% Interest in Balance of the Remaining Gross Trust Estate. The Trustee shall next allocate to the Marital Trust property equal in value to ten percent (10%) of the Remaining Gross Trust Estate (as hereafter defined). For purposes of this Trust Agreement, the term 'Remaining Gross Trust Estate' shall mean all the property held by the Trust Estate at the date of death of the Grantor (or to be acquired by the Trust Estate as a result of the death of the Grantor), but specifically excluding the following:

(A) The Artistic Property;

(B) The property which is the subject of the allocations contemplated by Paragraph 5.4(a)(1), Paragraph 5.4(a)(2), Paragraph 5.4(a)(3) and Paragraph 5.4(a)(4);

(C) Any proceeds from life insurance policies on the life of the Grantor; and

(D) Any proceeds from Qualified Retirement Plans (as defined in Paragraph 10.2), and further without deduction for

- 1) Death Taxes (as defined in Paragraph 13.8(a));
- 2) Other obligations payable by the Trust Estate at the date of death of the Grantor; and
- 3) Any administrative expenses of the Trust or otherwise relating to the Grantor.

The value of any property included in the Remaining Gross Trust Estate shall be equal to the value of such property as determined on the federal estate tax return of the Grantor. If any of such property is not valued on the federal estate tax return of the Grantor, then the value of such property shall be its net fair market value, as determined by the Trustee, using any reasonable method determined by the Trustee, in the Trustee's sole and absolute discretion. The Trustee's determination of which assets are to be considered part of the Remaining Gross Estate shall be binding upon all beneficiaries.

(b) Alternate Allocation If the Spouse Does Not Survive the Grantor. If the Spouse does not survive the Grantor, the Trustee shall instead make the following allocations:

(1) Specific Allocation to Dylan's Trust. If DYLAN is living at the time of operation of this Paragraph 5.4(b)(1), then the Trustee shall allocate the following assets to a separate Trust ('Dylan's Trust') to be held, administered and distributed in accordance with the provisions of Article 7:

(A) Cash or other property (but specifically not including any interest in the Palisades Residence or the Zumeriz Condo) equal in value to One Million Five Hundred Thousand Dollars (\$1,500,000);

(B) The Palisades Residence; and

(C) The Zumeriz Condo.

If, however, neither the Spouse nor DYLAN survives the Grantor, Dylan's Trust shall not be created, and the allocation contemplated by this Paragraph 5.4(b)(1) shall lapse and be of no force or effect, and the property which would otherwise have been allocated pursuant to this Paragraph 5.4(b)(1)

shall remain as part of the Trust Estate, to be distributed as hereinafter provided.

(2) Contingent Allocation of Palisades Residence. If DYLAN is not living at the time of allocation pursuant to Paragraph 5.4(b)(1), but NANCY COSTICK is then living, the Palisades Residence shall be allocated to a separate Trust ('Nancy's Residence Trust'), to be held, administered and distributed in accordance with the provisions of Article 8. The Grantor has intentionally omitted to allocate any cash or other liquid assets to Nancy's Residence Trust to cover the expenses of the Palisades Residence. If NANCY COSTICK is not living at the time of operation of this Paragraph 5.4(b)(2) the allocation contemplated by this Paragraph 5.4(b)(2) shall lapse and be of no force or effect, and the property which would otherwise have been allocated pursuant to this Paragraph 5.4(b)(2) shall remain as part of the Trust Estate, to be distributed as hereinafter provided.

If the Trust Estate does not own an interest in one or more of the properties specifically identified in this Paragraph 5.4(b) at the time of operation of this Paragraph 5.4(b) (and will not acquire an interest in such property as a result of the death of the Grantor), thereby making that item unavailable for allocation, then the allocation of the unavailable property contemplated by this Paragraph 5.4(b) shall be of no force or effect and nothing shall be substituted in its place.

Other than as specifically provided in Paragraph 5.4(b), if the Spouse does not survive the Grantor, then the Marital Trust shall not be created and all of the assets that would have been allocated to the Marital Trust under the provisions of Paragraph 5.4(a) shall remain as part of the Trust Estate, be allocated to the Issue's Trust in accordance with Paragraph 5.6."

3. Paragraph 9.7 of the Third Amended Trust is hereby deleted in its entirety and the following is substituted in lieu thereof:

"9.7 Contingent Beneficiaries. If at the time of the death of the Grantor, or at any later time before full distribution of the Trust Estate, no other disposition of the Issue's Trust (or the Article 9 Trusts created thereunder) is directed by this Trust Agreement, the property remaining in the Issue's Trust (or the Article 9 Trusts created thereunder) (collectively, the 'Remaining Article 9

Property') shall be distributed, free of trust, to the Spouse. If the Spouse is not living at the time of operation of this Paragraph (or, if the Spouse does not survive the Grantor, if this provision is operative at the Grantor's death), then the Remaining Article 9 Property shall be distributed, free of trust, to those persons who would then be the heirs of the Grantor, their identities and respective shares to be determined as though the death of the Grantor had occurred at that time, in accordance with the laws of the State of California then in effect relating to the succession of separate property not acquired from a predeceased spouse or ancestor."

4. Article 15.A is hereby added to the Third Amended Trust as follows:

"ARTICLE 15.A

NO CONTEST CLAUSE

15.A.1 General. The Grantor has intentionally made no provision in this Trust Agreement for any heirs or relatives of the Grantor who are not herein mentioned or designated, and the Grantor generally and specifically has intentionally omitted to provide for every person claiming to be or who may be determined to be an heir-at-law of the Grantor, except as otherwise mentioned in this Trust Agreement. If any beneficiary (a 'Contesting Beneficiary') under a Protected Instrument (as defined in this Article), singularly or in combination with any other persons, directly or indirectly, engages in any of the following contests without Probable Cause (as defined in this Article):

- (a) a Direct Contest (as defined in this Article);
- (b) files a Pleading (as defined in this Article) in any court to challenge a transfer of property on the grounds that it was not the transferor's property at the time of the transfer; or
- (c) files a Creditor's Claim (as defined in this Article) or prosecutes any action based upon it (other than for funeral expenses or expenses of the Grantor's last illness) in the Grantor's probate estate or against the Trustee of any subtrust created under this Trust Agreement or against a beneficiary thereof;

then any share or interest in the Trust Estate and any subtrust created under this Trust Agreement, provided to or for the benefit of the Contesting Beneficiary, is revoked. In the event of such revocation, the revoked share or interest shall be disposed of as follows:

(1) if the Contesting Beneficiary is an individual, as though that Contesting Beneficiary had died without issue before becoming entitled to receive any income or any portion of the principal of such Trust; or

(2) if the Contesting Beneficiary is a charitable organization, to any one or more other charitable organizations which qualify for tax exemption under Section 2055(a) of the Internal Revenue Code and which meet the charitable intentions of the Grantor consistent with the provisions of this Trust Agreement (including, without limitation, any one or more of the charitable organizations named in this Trust Agreement which are not disqualified under this Article), as determined by the Trustee, in the Trustee's sole discretion.

The provisions of this Article shall not apply to any disclaimer by any person of any benefit under this Trust Agreement or under the Will of the Grantor.

15.A.2 Definitions. For purposes of this Article, the following terms have the following meanings:

(a) 'Creditor's Claim' includes any action to enforce a contract to make a will, or an action asserting that the Grantor's property is liable to the claimant, other than for funeral expenses or the Grantor's last illness expenses.

(b) 'Direct Contest' means a Pleading filed in any court that includes an allegation that a Protected Instrument or one or more of its terms is invalid, based on one or more of the following grounds:

- (1) Forgery.
- (2) Lack of due execution.
- (3) Lack of capacity.

(4) Menace, duress, fraud or undue influence.

(5) Revocation of a will pursuant to Section 6120 of the California Probate Code (or any successor section), revocation of a trust pursuant to Section 15401 of the California Probate Code (or any successor section) or revocation of any instrument other than a will or trust pursuant to the procedure for revocation that is provided by statute or by the instrument.

(6) Disqualification of a beneficiary under Section 6112 of the California Probate Code (or any successor section) or under Section 21350 of the California Probate Code (or any successor section).

(c) 'Pleading' means a petition, complaint, cross complaint, objection, answer, response or claim.

(d) 'Probable Cause' exists if, at the time of filing a contest, the facts known to the contestant would cause a reasonable person to believe that there is a reasonable likelihood that the requested relief will be granted after an opportunity for further investigation or discovery.

(e) 'Protected Instrument' means all of the following instruments:

(1) this Trust Agreement and any and all subtrusts created under this Trust Agreement, and any amendments to this Trust Agreement;

(2) any other revocable or irrevocable trust established by the Grantor, and any amendments to any of the foregoing Trusts;

(3) the Will of the Grantor or any codicil thereto;

(4) any designation of beneficiary executed by the Grantor with respect to any insurance policy, annuity, individual retirement account, qualified or non-qualified employee benefit plan, plan of deferred compensation or other assets passing outside this Trust Agreement or the Will of the Grantor;

(5) any written agreement between the Grantor and the Grantor's spouse defining or altering their property rights as married persons, whether entered into prior to, concurrently with or after marriage;

(6) any buy-sell agreements in which the Grantor is a party; or

(7) any family partnership agreements or limited liability company operating agreements in which the Grantor is, or was, a party.

15.A.3 Authorization of Trustee. The Trustee is authorized to resist and defend against any contest or other attack of any nature upon any provision of the Trust (including this no-contest provision), any amendment to the Trust, the Grantor's Will or any codicil thereto, and any expenses incurred by the Trustee in connection therewith, including but not limited to attorneys' fees, shall be paid from the Trust Estate as an expense of trust administration.

15.A.4 Costs of Defenses Charged Against Contesting Beneficiary. Notwithstanding the foregoing provisions of this Article, if the Trustee is unsuccessful in defending any matter or action described therein, and does not settle such matter or action, and if for any reason the distributions and/or allocations of interests in the Trust Estate to the Contesting Beneficiary under this Trust Agreement and/or the Will of the Grantor are not forfeited, all of the costs of such defense shall be charged against the distributions and/or allocations of interests to the Contesting Beneficiary under this Trust Agreement and/or the Will of the Grantor, and all distributions and/or allocations of interests to the Contesting Beneficiary under this Trust Agreement and/or the Will of the Grantor shall be reduced on a dollar-for-dollar basis by the aggregate net value as determined by the Trustee, of all real and personal property passing to or distributable to or for the benefit of the Contesting Beneficiary as a result of such matter or action, including, without limitation, assets of the Trust Estate or the probate estate of the Grantor, insurance proceeds, employee benefits and deferred compensation. In making any settlement of such matter or action, the Trustee shall consider the foregoing provisions of this Article and shall abide by them to the extent possible."

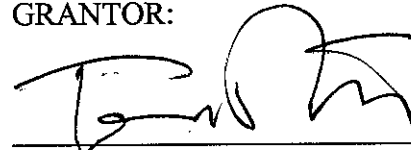
5. Paragraph 16.3 (titled "Incontestability"), Paragraph 16.4 (titled "Disinheritance for Assertion of Claims") and Paragraph 16.5 (titled "Costs of Defense Charged Against Contestant") of the Third Amended Trust are hereby deleted in their entirety and nothing is substituted in their place.

6. Except as modified by this First Amendment, the provisions of the Third Amended Trust shall remain in full force and effect.

7. This First Amendment shall be effective as of the date of execution.

Executed at Malibu, California, on December 18,
2009.

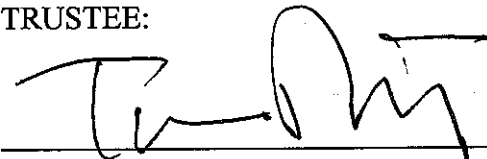
GRANTOR:



THOMAS EARL PETTY

The foregoing First Amendment has been accepted by the Trustee thereunder.

TRUSTEE:



THOMAS EARL PETTY

ACKNOWLEDGMENT

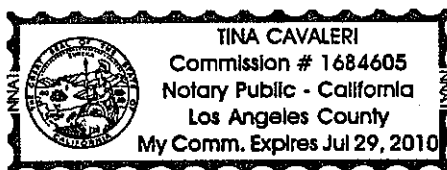
STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On December 18, 2009, before me, Tina Cavaleri,
a Notary Public, personally appeared THOMAS EARL PETTY, who proved to me on the
basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed
the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California
that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Tina Cavaleri



(SEAL)

EXHIBIT 4

From: Andrew Wallet [<mailto:andrew@walletlaw.com>]
Sent: Tuesday, October 31, 2017 1:05 PM
To: Mitchell, Burton
Cc: Karlov, Jason (Jason.Karlov@btlaw.com); Andrew Wallet
Subject: Tom Petty

Burt,

I represent Adria Petty as a beneficiary and named successor under the Thomas Earl Petty trust as amended and restated. Thank you for the trust and will documents. We also received a purported appointment of Dan York as co-trustee from Ms. Skinner of your firm. The purported appointment of Mr. York is troubling. Paragraph 11.5 of the trust, clearly states that a trustee can appoint a co-trustee, if and only if, there is no named successor trustee. Adria is the named successor trustee. The purported appointment is void.

REDACTED
[Redacted text block]

[Redacted text block]

Dana must resign immediately as trustee before there is damage and allow Adria to act as the named successor trustee. Unfortunately, time is of the essence. Please email me or call me if you would like to discuss the matter.

Andrew M. Wallet
Attorney At Law, Inc.
Mail Address: P.O. Box 351237
Los Angeles, CA 90035

Address: 2551 La Sierra Ct.

Camarillo, CA 93012

Email: andrew@walletlaw.com

805-987-7198

805-388-7640 Fax

Website: www.walletlaw.com

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If you have received this transmission in error, please notify us by telephone at 805.987.7198 or by electronic mail.

EXHIBIT 5

REDACTED

From: Steenbock, Andrew <AKS@JMBM.com> on behalf of Mitchell, Burton <BAM@JMBM.com>
Sent: Monday, December 11, 2017 6:52 PM
To: 'Jeryll S. Cohen'; Geraldine A. Wyle
Cc: Adam Streisand; Skinner, Jill R.; Mitchell, Burton
Subject: Petty - Draft Agency Agreement [51989-0083]
Attachments: Petty - Agency Agreement.pdf

Jeryll and Geri,

Attached for your review is a draft Agency Agreement.

The attached Agency Agreement is in draft and has not been fully vetted by all parties, so we reserve the right to revise the Agency Agreement further.

We sent the Settlement Agreement by separate email.

Please let us know if you or Adria have any comments or changes to the attached Agency Agreement.

Best regards,
Burton

Burton A. Mitchell | Partner
Jeffer Mangels Butler & Mitchell LLP | JMBM
1900 Avenue of the Stars, 7th Floor, Los Angeles, CA 90067
D: (310) 201-3562 | **F:** (310) 712-8562 | **E:** BAM@JMBM.com
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EXHIBIT 6

REDACTED

From: Steenbock, Andrew <AKS@JMBM.com> on behalf of Mitchell, Burton <BAM@JMBM.com>
Sent: Thursday, December 14, 2017 3:43 PM
To: 'Jeryll S. Cohen'; Geraldine A. Wyle
Cc: Adam Streisand; Skinner, Jill R.; Mitchell, Burton
Subject: RE: Petty - Draft Settlement Agreement [51989-0083]

Jeryll and Geri,

How is your review of the settlement documents coming along? You have an ETA for comments?

Best regards,
Burton

Burton A. Mitchell | Partner
Jeffer Mangels Butler & Mitchell LLP | JMBM
1900 Avenue of the Stars, 7th Floor, Los Angeles, CA 90067
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From: Steenbock, Andrew **On Behalf Of** Mitchell, Burton (BAM@JMBM.com)
Sent: Monday, December 11, 2017 6:52 PM
To: 'Jeryll S. Cohen'; Geraldine A. Wyle
Cc: Adam Streisand; Skinner, Jill R. (JMH@JMBM.com); Mitchell, Burton (BAM@JMBM.com)
Subject: Petty - Draft Settlement Agreement [51989-0083]

Jeryll and Geri,

Attached for your review is a draft Settlement Agreement. Also attached is the Removal of Co-Trustee referenced in the Settlement Agreement.

The attached documents are in draft and have not been fully vetted by all parties, so we reserve the right to revise the documents further.

We will send the Agency Agreement by separate email.

Please let us know if you or Adria have any comments or changes to the attached documents.

Best regards,
Burton

Burton A. Mitchell | Partner

Jeffer Mangels Butler & Mitchell LLP | JMBM

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EXHIBIT 7

From: [Mitchell, Burton](#)
To: ["Jeryll S. Cohen"](#)
Cc: [Adam Streisand](#); [Skinner, Jill R.](#); [Geraldine A. Wyle](#)
Subject: RE: Petty - Draft Settlement Agreement [51989-0083]
Date: Monday, December 18, 2017 9:15:18 AM

Jeryll, I don't want to do anything that would hold up the settlement.

In concept, you and I can start discussing the LLC the day after the settlement documents are signed.

Burton

Burton A. Mitchell | Partner
Jeffer Mangels Butler & Mitchell LLP | JMBM
1900 Avenue of the Stars, 7th Floor, Los Angeles, CA 90067
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-----Original Message-----

From: Jeryll S. Cohen [<mailto:Jeryll.Cohen@ffslaw.com>]
Sent: Monday, December 18, 2017 7:30 AM
To: Mitchell, Burton
Cc: Adam Streisand; Skinner, Jill R.; Geraldine A. Wyle
Subject: Re: Petty - Draft Settlement Agreement [51989-0083]

Burt,


I have not thought this all the way through and do not have enough information about the assets but does it make sense to drop the iP into the LLC now and keep the LLC in the admin trust?

Sent from my iPad

On Dec 17, 2017, at 10:16 PM, Mitchell, Burton <BAM@JMBM.com<<mailto:BAM@JMBM.com>>> wrote:

Thank you for responding.

These documents only cover the administrative period. The LLC comes in after the administrative period. The documents did not, and were not intended to, cover the LLC.

Burton A. Mitchell | Partner
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< <<http://www.jmbm.com/>>

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From: Jeryll S. Cohen [<mailto:Jeryll.Cohen@ffslaw.com>]
Sent: Sunday, December 17, 2017 9:58 PM
To: Mitchell, Burton
Cc: 'Adam Streisand'; Skinner, Jill R.; Geraldine A. Wyle
Subject: RE: Petty - Draft Settlement Agreement [51989-0083]

Burt,

The documents that you sent were not quite what I understood we had discussed. We are gathering factual information and consulting with the team of consultants for the Estate so that we can proffer the best informed response. We have a number of questions. Among other things, we are wondering how the llc fits in with the proposed agreement.

Thanks for your patience.


Jeryll

Jeryll S. Cohen | Attorney At Law
FREEMAN FREEMAN & SMILEY, LLP

Tel: 310.255.6120 | Fax: 310.255.6220

From: Mitchell, Burton [<mailto:BAM@JMBM.com>]
Sent: Sunday, December 17, 2017 8:38 PM
To: Jeryll S. Cohen; Geraldine A. Wyle
Cc: 'Adam Streisand'; Skinner, Jill R.
Subject: RE: Petty - Draft Settlement Agreement [51989-0083]

Geri/Jeryll, I do not understand why you don't respond. You've had the draft settlement documents since Monday and I have not heard one word from either of you. I've sent two follow up emails, and this is the third, and neither of you responded to me. How am I supposed to interpret your total silence? Burton

Burton A. Mitchell | Partner
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<http://www.jmbm.com/>

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From: Mitchell, Burton
Sent: Friday, December 15, 2017 7:15 PM
To: 'Jeryll S. Cohen'; Geraldine A. Wyle
Cc: Adam Streisand; Skinner, Jill R.
Subject: RE: Petty - Draft Settlement Agreement [51989-0083]

You see the email below?

From: Steenbock, Andrew On Behalf Of Mitchell, Burton
Sent: Thursday, December 14, 2017 3:43 PM
To: 'Jeryll S. Cohen'; Geraldine A. Wyle
Cc: Adam Streisand; Skinner, Jill R.; Mitchell, Burton
Subject: RE: Petty - Draft Settlement Agreement [51989-0083]

Jeryll and Geri,

How is your review of the settlement documents coming along? You have an ETA for comments?

Best regards,
Burton

Burton A. Mitchell | Partner
Jeffer Mangels Butler & Mitchell LLP | JMBM
1900 Avenue of the Stars, 7th Floor, Los Angeles, CA 90067
D: (310) 201-3562 | F: (310) 712-8562 | E: BAM@JMBM.com<<mailto:BAM@JMBM.com>>
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From: Steenbock, Andrew On Behalf Of Mitchell, Burton (BAM@JMBM.com<<mailto:BAM@JMBM.com>>)
Sent: Monday, December 11, 2017 6:52 PM
To: 'Jeryll S. Cohen'; Geraldine A. Wyle
Cc: Adam Streisand; Skinner, Jill R. (JMH@JMBM.com<<mailto:JMH@JMBM.com>>); Mitchell, Burton (BAM@JMBM.com<<mailto:BAM@JMBM.com>>)
Subject: Petty - Draft Settlement Agreement [51989-0083]

Jeryll and Geri,

Attached for your review is a draft Settlement Agreement. Also attached is the Removal of Co-Trustee referenced in the Settlement Agreement.

The attached documents are in draft and have not been fully vetted by all parties, so we reserve the right to revise the documents further.

We will send the Agency Agreement by separate email.

Please let us know if you or Adria have any comments or changes to the attached documents.

Best regards,
Burton

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Jeffer Mangels Butler & Mitchell LLP | JMBM
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EXHIBIT 8

REDACTED

From: Jeryll S. Cohen <Jeryll.Cohen@ffslaw.com>
Sent: Wednesday, January 24, 2018 4:24 PM
To: Mitchell, Burton; Adam Streisand
Cc: Geraldine A. Wyle
Subject: Tom Petty Trust and Estate

Burt and Adam,

Please be advised that our firm is no longer representing Adria Petty in connection with this matter. You may contact her directly.

Thank you,


Jeryll

Jeryll S. Cohen | *Attorney At Law*



1888 Century Park East | Suite 1900 | Los Angeles | CA 90067

Tel: 310.255.6120 | Fax: 310.255.6220

website | bio | map | email | 



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EXHIBIT 9



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From: Steenbock, Andrew **On Behalf Of** Mitchell, Burton
Sent: Tuesday, February 20, 2018 5:57 PM
To: 'Gerri Leonard'
Cc: Bernie Gudvi; Mitchell, Burton; Skinner, Jill R.
Subject: Petty Unlimited LLC - Draft Operating Agreement [51989-0084]

Gerri,

Attached is a draft Operating Agreement for Petty Unlimited LLC, a proposed California limited liability company.

We are only representing the trustee of the Thomas Earl Petty Administrative Trust in the preparation of the Operating Agreement, and not the LLC itself, any of its members or managers, or any of the ultimate beneficiaries of the Administrative Trust, other than the trustee of the Administrative Trust and only in that capacity.

As a reminder, the Articles need to be filed for this LLC, and they can be filed before the Operating Agreement is finalized.

Let us know if you have any changes/comments.

Best regards,
Burton

Burton A. Mitchell | Partner
Jeffer Mangels Butler & Mitchell LLP | JMBM
1900 Avenue of the Stars, 7th Floor, Los Angeles, CA 90067
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EXHIBIT 10

REDACTED

From: Mitchell, Burton
Sent: Saturday, February 24, 2018 11:17 AM
To: 'Gerri Leonard'
Cc: Bernie Gudvi; Skinner, Jill R.
Subject: RE: Petty Unlimited LLC - Draft Operating Agreement [51989-0084]

Great. Thanks.

Burton A. Mitchell | Partner
Jeffer Mangels Butler & Mitchell LLP | JMBM
1900 Avenue of the Stars, 7th Floor, Los Angeles, CA 90067
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From: Gerri Leonard [<mailto:gleonard@lbmgt.com>]
Sent: Saturday, February 24, 2018 11:15 AM
To: Mitchell, Burton
Cc: Bernie Gudvi; Skinner, Jill R.
Subject: Re: Petty Unlimited LLC - Draft Operating Agreement [51989-0084]

We are having a conversation Monday morning with Alan. He will forward our comments.

Best

Gerri Leonard
Leonard Business Management, Inc.
11900 west Olympic Blvd. , Suite 410
Los Angeles, CA. 90064

Cell 310-430-8860
Phone 310-458-8860 x 3
Fax 310-448-8862

On Feb 24, 2018, at 10:59 AM, Mitchell, Burton <BAM@JMBM.com> wrote:

Gerri, I was wondering if you or Adria have any comments on the Petty Unlimited LLC draft Operating AG?

David Altschul did have some drafting comments. I will send a redline to everyone early next week.

Burton

Burton A. Mitchell | Partner
Jeffer Mangels Butler & Mitchell LLP | JMBM
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<image002.jpg>

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From: Steenbock, Andrew **On Behalf Of** Mitchell, Burton
Sent: Tuesday, February 20, 2018 5:57 PM
To: 'Gerri Leonard'
Cc: Bernie Gudvi; Mitchell, Burton; Skinner, Jill R.
Subject: Petty Unlimited LLC - Draft Operating Agreement [51989-0084]

Gerri,

Attached is a draft Operating Agreement for Petty Unlimited LLC, a proposed California limited liability company.

We are only representing the trustee of the Thomas Earl Petty Administrative Trust in the preparation of the Operating Agreement, and not the LLC itself, any of its members or managers, or any of the ultimate beneficiaries of the Administrative Trust, other than the trustee of the Administrative Trust and only in that capacity.

As a reminder, the Articles need to be filed for this LLC, and they can be filed before the Operating Agreement is finalized.

Let us know if you have any changes/comments.

Best regards,
Burton

Burton A. Mitchell | Partner

Jeffer Mangels Butler & Mitchell LLP | JMBM

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D: (310) 201-3562 | **F:** (310) 712-8562 | **E:** BAM@JMBM.com

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EXHIBIT 11

HOFFMAN
SABBAN &
WATENMAKER

LAWYERS

10880 Wilshire Blvd.
Suite 2200
Los Angeles, CA 90024
(310) 470-6010
Fax (310) 470-6735
Email: mail@hswlaw.com

February 28, 2018

Alan S. Watenmaker
alan@hswlaw.com

Via E-mail & U.S. Mail

Burton A. Mitchell, Esq.
Jeffer Mangels Butler & Mitchell LLP
1900 Avenue of the Stars, 7th Floor
Los Angeles, CA 90067

Re: Thomas Earl Petty Living Trust - Proposed Operating Agreement
of Petty Unlimited LLC

Dear Burton:

As I am sure you know already, I have been asked to represent Adria Petty in connection with her interests in her late father's living trust (the "Petty Trust").

Adria sent me a copy of the proposed Operating Agreement for Petty Unlimited LLC, which I presume is the entity referred to in Paragraph 5.2 of the Petty Trust. Adria had asked me to review the document with respect to the administration of the LLC. She is understandably anxious to put the LLC into operation, due to the immediate need to attend to numerous business opportunities, many of which are time sensitive.

After reviewing the proposed Operating Agreement, I do have a couple of comments which I believe are fundamental to the document. They are fairly straight forward, and shouldn't generate much discussion. The changes suggested below are merely designed to comport with the directions of the Petty Trust with respect to the LLC.



Burton A. Mitchell, Esq.
February 28, 2018
Page 2

1. Members of the LLC.

Under the terms of Paragraph 5.2 of the Petty Trust, the Trustee is directed to create the LLC. Further, "the membership interests in the [LLC] shall be held as follows:"

- a. A one-third share for the Marital Trust (created for the lifetime benefit of Mrs. Petty);
- b. A one-third share for Mr. Petty's daughter, Anna-Kim; and
- c. A one-third share for Mr. Petty's other daughter, Adria.

Instead, however, the draft Operating Agreement provides for only a single member, that is the "Administrative Trust," of which Dana Petty is the sole Trustee.

In order to be consistent with the ownership interests in the LLC, I would suggest that the Operating Agreement be amended to provide for the initial membership as detailed above, as directed by the terms of the Petty Trust.

2. Identity of Managers.

The proposed Operating Agreement calls for the appointment of Dana and Adria as the Managers. However, Paragraph 5.2 of the Trust, as provided in the First Amendment to the Third Amendment and Restated Trust, directs the appointment of all of Dana, Adria, and Anna-Kim to be the Managers of the LLC.

Based on the specific designation of the Managers for the LLC, I'm puzzled why Mr. Petty's other daughter was not named as a Manager along with her sister and Dana. I presume this will be an easy change to make.

3. "Super-Majority."

Section 1.25 of the proposed Operating Agreement provides for a "Super-Majority" to consist of "75% of the Participation Percentages of all Members."



Burton A. Mitchell, Esq.
February 28, 2018
Page 3

(The Super-Majority is given the right to control decisions for the LLC under certain circumstances.) As you no doubt know, with only three Members of the LLC, each having a one-third membership interest, there is no means by which a Super-Majority (as defined in Section 1.25) can be reached without, effectively, requiring a unanimous vote of the Members. This, I believe, is contrary to the concept of a "super majority" and, in fact, is antithetical to the notion of any type of majority vote. The "Super-Majority," as defined in Section 1.25, effectively creates the requirement of unanimity to take action in those certain circumstances.

Instead, the Super-Majority should constitute of a vote of a two-thirds interest, thereby enabling action to be taken by the LLC without requiring a unanimous vote of all of the Members. If Mr. Petty had intended that a unanimous vote would be required, he would have stated such clearly and without ambiguity.

4. Required Regular Meetings of Managers.

There is nothing specific in the proposed Operating Agreement about regular meetings of the Managers. We believe it is vital to the proper administration of the Petty businesses that the Managers of the LLC meet on a regular basis, no less frequently than monthly, to discuss the ongoing and future operations of the business. Meetings can be held in person or by phone, but they should be regularly scheduled. This should be added to the Operating Agreement, to ensure the productive administration of the Petty businesses.

I trust that the issues discussed above can easily be resolved. To that end, I would be pleased to have a brief conversation with you in order to discuss the necessary changes. Otherwise, I look forward to receiving a revised version of the Operating Agreement as soon as possible so that I can review it with my client.



Burton A. Mitchell, Esq.
February 28, 2018
Page 4

In short order, I would also suggest an "all hands" meeting with you, me, Dana, Adria and her sister, Anna-Kim, in order to review the administration of the Petty Trust. That way, all the beneficiaries will have some idea of what to expect in the administration.

Thanks very much for your anticipated cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to be "ASW", is written over the typed name.

Alan S. Watenmaker

ASW/rej

cc: Ms. Adria Petty
Ms. Gerri Leonard

H:\CLIENTS\NoPetty\LTBMitchell re LLC Op Agmt v5.wpd

EXHIBIT 12

REDACTED

From: Mitchell, Burton <BAM@JMBM.com>
Sent: Friday, March 16, 2018 10:07 PM
To: alan@hswlaw.com
Cc: Adam Streisand; Skinner, Jill R.
Subject: RE: Petty - Revised Petty Unlimited LLC Operating Agreement [51989-0084]

Alan, are you going to have comments on the email below? Burton

Burton A. Mitchell | Partner
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From: Steenbock, Andrew **On Behalf Of** Mitchell, Burton
Sent: Friday, March 09, 2018 5:39 PM
To: alan@hswlaw.com
Cc: Adam Streisand; Mitchell, Burton; Skinner, Jill R.
Subject: Petty - Revised Petty Unlimited LLC Operating Agreement [51989-0084]

Alan,

Attached is a revised draft of the Petty Unlimited LLC Operating Agreement. Also attached is a redline of the changed pages. This version includes the comments of David Altschul and certain comments that you raised in your letter, dated February 28, 2018.

The revised draft does not include items 3 (super-majority) and 4 (regular meetings) from your suggested changes or language regarding limitations on amendment during the Administrative Trust period. The regular meeting and amendment limitation provisions seem fine, but haven't fully been vetted yet. I suggest that we discuss the majority provision once all other issues have been resolved.

Also attached is an executed copy of the proposed Articles of Organization.

Best regards,
Burton

Burton A. Mitchell | Partner

Jeffer Mangels Butler & Mitchell LLP | JMBM

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EXHIBIT 13

REDACTED

From: Steenbock, Andrew <AKS@JMBM.com> on behalf of Mitchell, Burton <BAM@JMBM.com>
Sent: Tuesday, April 10, 2018 1:38 PM
To: alan@hswlaw.com
Cc: Adam Streisand; Mitchell, Burton; Skinner, Jill R.
Subject: Petty - Revised Petty Unlimited LLC Operating Agreement [51989-0084]
Attachments: REDLINE - Petty Unlimited LLC - Operating Agreement- LONG- straight prorata w_ 3 manager - CA v4.PDF; Petty Unlimited LLC - Operating Agreement- LONG- straight prorata w_ 3 manager - CA.pdf

Alan,

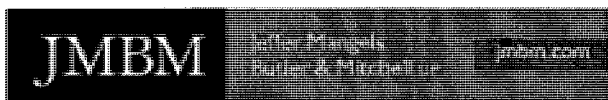
Attached is a revised draft of the Petty Unlimited LLC Operating Agreement. Also attached is a redline of the changes.

This version addresses the issues regarding the (1) name of the LLC, (2) meeting of the managers and (3) limitations on amendments. It does not address the issue of voting and control, which I believe is the sole remaining issue.

Please confirm that you agree that voting and control is the sole remaining issue.

Best regards,
Burton

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EXHIBIT 14

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From: Steenbock, Andrew <AKS@JMBM.com> on behalf of Mitchell, Burton <BAM@JMBM.com>
Sent: Tuesday, April 24, 2018 6:46 PM
To: alan@hswlaw.com
Cc: Adam Streisand; Mitchell, Burton
Subject: Petty - Petty Unlimited LLC - Operating Agreement [51989-0081]
Attachments: Petty Unlimited LLC - Operating Agreement- LONG- straight prorata w_ 3 manager - CA.pdf; REDLINE_61735368v4_Petty Unlimited LLC - Operating Agreement- LONG- straight prorata w_ 3 manager - .PDF

Alan,

Attached is a revised draft of the Petty Unlimited LLC Operating Agreement. Also attached is a redline of the changes.

This version addresses the issues regarding the (1) removal of the super majority concept and (2) manager removal provisions.

As discussed, please let me know regarding our control proposals.

Best regards,
Burton

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EXHIBIT 15

REDACTED

From: Alan S. Watenmaker <alan@hswlaw.com>
Sent: Tuesday, April 24, 2018 7:39 PM
To: Mitchell, Burton
Cc: Adam Streisand; Adria Petty
Subject: RE: Petty 706 prep

Hello, Burton and Adam. First let me note that Burton's email, attaching yet another revised version of the proposed Operating Agreement, arrived a short while ago. However, I haven't had a chance to review it, and thus my comments below are made without the benefit of knowing precisely what changes you (Burton) had made to the OA.

I did have a chance to talk earlier today with Adria about our meeting last Friday, and the discussion we had regarding the proposed Operating Agreement. In particular, she and I talked about our discussion on Friday concerning the manner in which the Managers should be operating the businesses owned by the LLC.

In general, Adria does not object to the requirement of unanimity of the Managers with respect to those matters itemized in Paragraph 9.2 of the Operating Agreement. One area of concern she expressed was as to the \$50,000 threshold noted in subparagraphs (g) and (h) of Paragraph 9.2. She was concerned that this figure might be a bit too constraining on the Managers, and suggested, instead, the figure of \$100,000. This is a matter we should discuss a bit further; I think we should be able to reach an accord on this issue without too much controversy.

As to Paragraph 9.3, we believe it should be expanded to include the decision-making process for the Managers, which we discussed at our meeting. At that time, you told me of the earlier (and continuing) agreement between Dana and Adria regarding "tacit approval" of actions proposed by either to the other. Apparently, if the other party fails to respond to the proposal within a relatively short period of time (less than a week, I recall), then the proposal would be deemed approved. This procedure should be applied to the Managers of the LLC, as well, and incorporated into the OA. By doing so, the operation of the business will not be stymied by the inaction of one or two of the Managers, once reasonable notice of the proposed action is given to the others by the "moving" Manager. Such notice should be able to be given by telephone during a regularly-scheduled or ad hoc telephone conversation among the Managers, or by written communication (mail or email should suffice) when a meeting is not taking place.

In addition, in the context of allowing the Managers to operate the business without undue burden, Paragraph 1.15 of the proposed OA should be amended to remove the sentence requiring that "At all times, the Managers shall act by unanimous vote."

In turn, and in response to Burton's request that Adria consider which (if any) actions to be taken by the Managers should require unanimous approval, she will be glad to give such consideration to a list to be prepared by Burton (per our discussion). Her goal, as it has always been, is to enable the Managers to operate the LLC with flexibility and efficiency, while at the same time giving reasonable voice to all of the Managers who have contributions to make to a discussion and resolution of the many issues confronting the Managers. Many of the examples of issues requiring unanimous approval, as proposed by Burton at our Friday meeting, are acceptable to Adria, including the leasing of offices for the business and engagement of employees.

With all this said, I am optimistic that we can reach agreement on behalf of our clients to create a workable Operating Agreement, and thus enable the LLC and its Managers to run the music businesses in a manner satisfactory to all of the Members.

On the question of the preparation of the estate tax return, we are fine with any of the suggestions Burton made at our Friday meeting: the Holthouse firm, Singer, Lewak or Green Hasson. We also think highly of CBIZ, under the direction of Steve Kunkel. Steve has proven himself to be both knowledgeable and responsible on the several occasions we have had to deal with him in similar situations.

I look forward to hearing back with any responses you may have to this missive. Alan

Alan S. Watenmaker
Hoffman, Sabban & Watenmaker
10880 Wilshire Blvd. Ste.2200
Los Angeles, CA 90024
310.470.6010 (tel)
310.470.6735 (fax)
alan@hswlaw.com

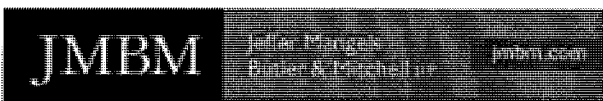
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From: Mitchell, Burton [<mailto:BAM@JMBM.com>]
Sent: Tuesday, April 24, 2018 3:35 PM
To: Alan S. Watenmaker
Cc: Mitchell, Burton; Adam Streisand (ASTreisand@sheppardmullin.com)
Subject: Petty 706 prep

Alan: Any progress on this issue? Burton

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EXHIBIT 16

REDACTED

From: Steenbock, Andrew **On Behalf Of** Mitchell, Burton (BAM@JMBM.com)
Sent: Wednesday, May 16, 2018 6:56 PM
To: 'alan@hswlaw.com' <alan@hswlaw.com>
Cc: Mitchell, Burton (BAM@JMBM.com) <BAM@JMBM.com>; Steenbock, Andrew <AKS@JMBM.com>
Subject: Petty - Draft FTI Valuation Report [51989-0082]

Alan,

Attached for your review is a first draft IP/name & likeness valuation by FTI. Please let me know if you or Adria have any comments regarding the draft appraisal. I expect that there will be substantial revisions.

Best regards,
Burton

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EXHIBIT 17

From: Alan S. Watenmaker [<mailto:alan@hswlaw.com>]
Sent: Wednesday, May 16, 2018 7:01 PM
To: Mitchell, Burton
Cc: Mary K. Ramsden; Robin Jones
Subject: RE: Petty - Draft FTI Valuation Report [51989-0082]

Thanks for this, Burton. I'll give it a look tomorrow, as I'm just running out of the office.

I was planning to give you a call tomorrow to discuss how we can finalize the LLC Operating Agreement without further delay. I want to pass along some thoughts provided by Adria, who seems to be working quite well with Dana, which I was glad to hear.

Are you around tomorrow? Other than a 10:00am call in the morning, I'm pretty good for most of the day tomorrow. Alan

Alan S. Watenmaker
Hoffman, Sabban & Watenmaker
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Los Angeles, CA 90024
310.470.6010 (tel)
310.470.6735 (fax)
alan@hswlaw.com

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From: Steenbock, Andrew <AKS@JMBM.com> **On Behalf Of** Mitchell, Burton
Sent: Wednesday, May 16, 2018 6:56 PM
To: Alan S. Watenmaker <alan@hswlaw.com>
Cc: Mitchell, Burton <BAM@JMBM.com>; Steenbock, Andrew <AKS@JMBM.com>
Subject: Petty - Draft FTI Valuation Report [51989-0082]

Alan,

Attached for your review is a first draft IP/name & likeness valuation by FTI. Please let me know if you or Adria have any comments regarding the draft appraisal. I expect that there will be substantial revisions.

Best regards,
Burton

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EXHIBIT 18

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REDACTED
REDACTED

From: Mitchell, Burton
Sent: Wednesday, May 16, 2018 10:15 PM
To: 'Alan S. Watenmaker'
Cc: Adam Streisand (AStreisand@sheppardmullin.com)
Subject: RE: Petty - Draft FTI Valuation Report [51989-0082]

Alan, I have a draft Operating AG out to my client for review which addresses all the open items that we discussed at our last meeting.

Do you want to wait for that or speak first? Burton

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EXHIBIT 19

REDACTED

From: Alan S. Watenmaker <alan@hswlaw.com>
Sent: Wednesday, May 30, 2018 6:25 AM
To: Mitchell, Burton
Cc: Adam Streisand; Adria Petty
Subject: Re: Petty - Petty Unlimited LLC - Operating Agreement [51989-0084]
Attachments: image001.png

Thanks, Burton. I'll review it with Adria and get back ASAP. Alan

Sent from my iPad

On May 29, 2018, at 6:30 PM, Mitchell, Burton <BAM@JMBM.com<mailto:BAM@JMBM.com>> wrote:

Alan,

Attached is a revised draft of the Petty Unlimited LLC Operating Agreement. Also attached is a redline of the changes.

This version addresses the issues regarding control of the LLC.

Please let me know your and Adria's comments.

Best regards,
Burton

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VCARD<http://www.jmbm.com/Burton_1869207.vcf>
<image001.png>

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<Petty Unlimited LLC - Operating Agreement- LONG- straight prorata w_3 manager - CA.pdf>
<REDLINE_61735368v5_Petty Unlimited LLC - Operating Agreement- LONG- straight prorata w_3 manager - CA - 61735368v6_Petty Unlimited LLC - Op~1.PDF>

EXHIBIT 20

HOFFMAN
SABBAN &
WATENMAKER

LAWYERS

10880 Wilshire Blvd.
Suite 2200
Los Angeles, CA 90024
(310) 470-6010
Fax (310) 470-6735
Email: mail@hswlaw.com

June 5, 2018

Alan S. Watenmaker
alan@hswlaw.com

Via Email & US Mail

Burton A. Mitchell, Esq.
Jeffer Mangels Butler & Mitchell LLP
1900 Avenue of the Stars, 7th Floor
Los Angeles, CA 90067

Re: Thomas Earl Petty Living Trust - Proposed Operating Agreement of
Petty Unlimited, LLC

Dear Burton:

I have gone over your revisions to the proposed Operating Agreement for Petty Unlimited LLC. While I appreciate your efforts to address some of the concerns raised by my client and me, the revisions do not resolve our primary concern. Namely, the Operating Agreement continues to require unanimous consent among the LLC's Managers in order to conduct ordinary business activities. *As stated in my February 28, 2018 letter, I propose that the Operating Agreement require the consent of a majority of the Managers (i.e., 2/3) to conduct ordinary business activities.* You didn't appear to have any objections to my proposal at the time.

However, your revisions to the proposed Operating Agreement include adding Paragraph 9.2 - "Powers Exercisable by a Single Manager." Seemingly consistent with my proposal that unanimity not be required to conduct ordinary business of the LLC, Paragraph 9.2 purportedly authorizes any one Manager to act on behalf of the LLC in matters relating to the "day-to-day management" of the LLC's business, which you define as "ordinary acts and transactions in furtherance of the LLC's daily business activities." However, the remaining language of Paragraph 9.2 essentially nullifies that authority by defining virtually all of the LLC's anticipated and necessary business activities as "acts or transactions of a non-ordinary nature."

Burton A. Mitchell, Esq.
June 5, 2018
Page 2

According to this ill-conceived Paragraph 9.2, the following acts or transactions are of a “non-ordinary” nature (emphasis added):

- “1. Entering into *any* real or personal property agreement;
2. Hiring *any* employee or engaging *any* consultant, independent contractor or *any other* third party; and
3. Entering into *any* agreement of *any kind* to license, assign, transfer, sell, waive, encumber or otherwise dispose of *any* assets of the LLC, including without limitation, any of its intellectual property and/or name, image or likeness rights.”

The Decedent, by virtue of the First Amendment to The Third Amended and Restated Thomas Earl Petty Living Trust (the “Trust”), required that the LLC be established to manage his intellectual property rights and certain personal property. The protection and exploitation of those assets were Tom Petty’s sole purpose of isolating them in the LLC. If entering into *any* agreement of *any kind* regarding intellectual property rights or the LLC’s personal property is not part of the LLC’s ordinary business, then what acts are there that qualify as constituting the LLC’s ordinary business? What is the “day-to-day management” of the LLC’s business if not to enter into exactly those types of transactions?

The California Corporations Code, by way of comparison, sensibly treats the following acts or transactions as outside an LLC’s ordinary course of activities:

Sell, lease, exchange or otherwise dispose of *all, or substantially all*, of the limited liability company’s property.

I propose that we revise the Operating Agreement to emulate the language of the California Corporations Code. Namely, to require unanimous consent only for acts or transactions that affect all or substantially all of the LLC’s assets and are truly outside of the LLC’s ordinary business.

Burton A. Mitchell, Esq.
June 5, 2018
Page 3

In addition to the foregoing problems, and perhaps the most important consideration of all, by requiring unanimity for virtually all but mundane acts, the proposed Operating Agreement will most certainly hinder the LLC's ability to operate effectively.

I'm pleased to note that there has been established a very good working relationship between Dana and Adria with respect to the operation of the Petty music businesses. They have done so without the involvement of (or interference by) the third "member/manager" of the LLC. To require a unanimous vote of all three Managers in order to conduct the business activities of the LLC creates a situation where the third Manager wields power to derail what Dana and Adria may have worked hard to accomplish. This can't possibly be what Tom imagined as the way to operate the business, by giving one of the three Managers the power to block any action proposed to be taken by the other two.

I note that the Trust does not require unanimity for day-to-day management of the LLC and neither does California law. If the decedent wanted to require unanimous consent among the Managers for most or all business decisions, he would have stated that in the Trust.

I would be pleased to have a conversation with you to discuss resolution of the issues described above. Otherwise, I look forward to receiving a revised version of the Operating Agreement so that I can review it with my client.

Sincerely,



Alan S. Watenmaker

ASW:JGG/rej
cc: Ms. Adria Petty
Gerri Leonard

EXHIBIT 21

REDACTED

From: David E. Altschul <daltschul@altolinlaw.com>
Sent: Monday, June 18, 2018 5:07 PM
To: Adam Streisand; Burton Mitchell (BAM@JMBM.com); Alan S. Watenmaker
Subject: Petty LLC management structure recommendations

Importance: High

Dear Alan, Adam and Burton,

You asked me to recommend a management structure for the new Tom Petty LLC (the "New LLC") which hopefully could provide a path through an impasse that has developed between Dana and Adria.

I would note that you all have been expecting me to propose a two-tier decision-making structure: one set of decisions requiring unanimity among three managers ("Dana", "Adria" and "Anna Kim") and the other structure requiring a majority of the Managers. As I understand it, this structure was based upon a fundamental disagreement between Adria and Dana as to the proper interpretation of the terms of the Living Trust with respect to the management structure of the New LLC. Until Friday, I had always heard the disagreement as being framed as a Dana vs. Adria issue as it was somewhat assumed that Anna Kim would go along with Adria's desires.

However, on our call I also heard a separate concern expressed that would relate to the requirement of unanimity: a concern as to whether Anna Kim might have independent concerns that could thwart Dana's and Adria's mutual desire to do something if they agreed, but Anna Kim disagreed. With that concern in mind, I have decided to propose a three-tier decision-making structure: (1) unanimity required, (2) "true" majority, requiring the approval of any two of Dana, Adria and Anna Kim, and (3) modified majority, requiring the approval of Dana and Adria, but not Anna Kim. Clearly, the "modified majority" category addresses Dana's concerns about being included in this important category of decisions but would avoid the problem of Anna Kim thwarting the desires of the two most active Managers, Dana and Adria, should they agree.

With this three-tier structure in mind, I would propose the following decisions be included in each category:

(A) Unanimous Decisions:

- (1) Hiring and Firing of "core" advisors: personal manager, business manager, lawyer, agent and publicist. This would also include the terms of engagement of each such core advisor.
- (2) The licensing of any IP Assets (e.g. publishing, masters and name image and likeness) for political, social cause or product or service advertisements.
- (3) Entering into any amendment, termination or modification of (i) existing Warner or Universal recording agreements (except to authorize release of new product), (ii) existing agreement with Wixen, and (iii) the merchandising agreements with Live Nation Merchandise or Artist Arena for an extended term more than three and one-half years in duration;
- (4) The outright sale of any IP Assets;
- (5) Entering into any new administration, co-publishing or distribution agreement for any IP Assets more than three and one-half years in duration.
- (6) To the extent not covered above, any agreement for use of IP Assets, the value of which is greater than \$250,000 (for example, engaging a third party to create a concert film or documentary).

(B) Modified Majority Decisions:

- (1) Hiring any employee or non-core advisor (for example, office assistant, photographer, artwork designer, liner note author) or approval of any such person hired by a third party (for example, record company);
- (2) Approval of any record releases by Warner, Universal or other distributor;

- (3) Licensing of name, image and likeness for uses not previously licensed during Tom's lifetime (for example, musical theater, hologram tour, museum installation);
- (4) Entering into (a) any extension, modification or amendment of the Live Nation Merchandise or Artist Arena Agreement for a term of less than three and one-years in duration; or (b) entering into any new administration, co-publishing or distribution agreement for any IP Assets less than three and one-half years in duration;
- (5) To the extent not covered above, any agreement for use of IP Assets, the value of which is greater than \$25,000 but less than \$250,000 (for example, engaging a third party to create a concert film or documentary);
- (6) Design of or approval of packaging of record releases (photography, cover design, liner notes), but if Adria and Dana are unable to agree, then the applicable record company should make the decision and be the impasse breaker;
- (7) Expenditures of more than \$250 on any one item or more than \$1,000/month.

(C) Majority Decisions:

- (1) Approval of designs for merchandising for sale and categories of products;
- (2) Approval of any license for use of masters or compositions by a third party licensee for any use other than political, social cause or product or service advertisements;
- (3) Expenditure of no more than \$250 on any one item or more than \$1,000/month in connection with the operation of the business, but excluding standard office supplies, telephone, internet services from these limitations.
- (4) To the extent not covered above, any agreement for use of IP Assets, the value of which is less than \$25,000
- (5) Approval of website designs.

I have some other recommendations as to process:

- (1) Whenever any of the Members (or any of the core advisors) wants to secure approval of a decision, she (or he) should send an email to each of the other Members (and the applicable core advisors which will always be at least the personal manager), advising the others of the sending Member's (or the core advisor's) recommendation with respect to the decision. If it is a decision that is in the category of Majority Decisions, then a Member should advise the other Members of an opportunity even if the sending Member is against approving the opportunity. The only exception would be if the opportunity involves the use of Gone Gator IP Assets and it is already known that Jane Petty has disapproved the use of such IP Asset.
- (2) I would recommend that the turnaround period be 48 business day hours, not 72 hours, and that the personal manager can advise the Members that a decision needs to be made in less than 48 business day hours (for example, there is a production deadline that requires fast approval). In that event, the decision of the personal manager shall determine the approval period. I also question whether in **all** cases it is appropriate to delay decision making until a Member returns from a period of unavailability or whether that period should be indefinite in length. The list of decisions above would have to be parsed to determine which of these decisions might need to be made with greater urgency.
- (3) If a Member does not respond within the required period, then silence ought to be considered agreement with the recommendation of the sending Member (i.e. the sending Member might be recommending disapproval of an opportunity).

I'll be available tomorrow morning and after 3:15 to discuss if you have any questions. As I mentioned on our call, I have to go to Washington D.C. this Wednesday and Thursday and I'll be on holiday all of next week.

Regards,

David

David E. Altschul
Altschul Olin & Vandergast, LLP
16133 Ventura Boulevard, Suite 645
Encino, CA 91436
Phone: 818-990-1800; Fax: 818-990-1429
Email: daltschul@altolinlaw.com

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EXHIBIT 22

From: [Alan S. Watenmaker](#)
To: [Mitchell, Burton](#)
Cc: [David E. Altschul](#); [Adam Streisand](#)
Subject: RE: Petty Unlimited: David Altschul Proposal
Date: Friday, June 22, 2018 11:12:14 AM

Good morning. I have a conference call with Adria scheduled for this afternoon to discuss David's proposals. I'll get back later today or Monday, if all goes well. Alan

Alan S. Watenmaker
Hoffman, Sabban & Watenmaker
10880 Wilshire Blvd. Ste.2200
Los Angeles, CA 90024
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310.470.6735 (fax)
alan@hswlaw.com

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From: Mitchell, Burton <BAM@JMBM.com>
Sent: Friday, June 22, 2018 9:35 AM
To: Alan S. Watenmaker <alan@hswlaw.com>
Cc: Mitchell, Burton <BAM@JMBM.com>; David E. Altschul <daltschul@altolinlaw.com>; Adam Streisand (AStreisand@sheppardmullin.com) <AStreisand@sheppardmullin.com>
Subject: FW: Petty Unlimited: David Altschul Proposal

Alan, we reviewed David Altschul's June 18 proposal. We will have some tweak's to David's proposal, but it is substantially acceptable.

Is the proposal acceptable to Adria and you?

Burton

Burton A. Mitchell | Partner
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EXHIBIT 23

From: [Alan S. Watenmaker](#)
To: [Adam Streisand](#); [Mitchell, Burton](#)
Cc: [David E. Altschul](#); [Adria Petty](#); [Robin Jones](#)
Subject: RE: Petty Unlimited: David Altschul Proposal
Date: Tuesday, June 26, 2018 5:38:34 PM

Still going through analysis with Adria. Anticipate response sometime tomorrow. I'm encouraged by David's efforts and expect that we'll have further constructive comments.
Alan

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From: Adam Streisand <ASTreisand@sheppardmullin.com>
Sent: Tuesday, June 26, 2018 2:02 PM
To: Alan S. Watenmaker <alan@hswlaw.com>; Mitchell, Burton <BAM@JMBM.com>
Cc: David E. Altschul <daltschul@altolinlaw.com>
Subject: RE: Petty Unlimited: David Altschul Proposal

Alan,

We are still waiting to hear from you about David's June 18 proposal. Can you let us know when we can expect to hear from you? Thanks.

Adam F. Streisand
Practice Leader
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ASTreisand@sheppardmullin.com
<https://www.sheppardmullin.com/astreisand>
https://en.wikipedia.org/wiki/Adam_Streisand

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Sheppard Mullin Richter & Hampton LLP
1901 Avenue of the Stars, Suite 1600

Los Angeles, CA 90067-6017
310.228.3700 | main
www.sheppardmullin.com

From: Alan S. Watenmaker [<mailto:alan@hswlaw.com>]
Sent: Friday, June 22, 2018 11:11 AM
To: Mitchell, Burton <BAM@JMBM.com>
Cc: David E. Altschul <daltschul@altolinlaw.com>; Adam Streisand
<ASTreisand@sheppardmullin.com>
Subject: RE: Petty Unlimited: David Altschul Proposal

Good morning. I have a conference call with Adria scheduled for this afternoon to discuss David's proposals. I'll get back later today or Monday, if all goes well. Alan

Alan S. Watenmaker
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From: Mitchell, Burton <BAM@JMBM.com>
Sent: Friday, June 22, 2018 9:35 AM
To: Alan S. Watenmaker <alan@hswlaw.com>
Cc: Mitchell, Burton <BAM@JMBM.com>; David E. Altschul <daltschul@altolinlaw.com>; Adam Streisand (ASTreisand@sheppardmullin.com) <ASTreisand@sheppardmullin.com>
Subject: FW: Petty Unlimited: David Altschul Proposal

Alan, we reviewed David Altschul's June 18 proposal. We will have some tweak's to David's proposal, but it is substantially acceptable.

Is the proposal acceptable to Adria and you?

Burton

Burton A. Mitchell | Partner

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EXHIBIT 24

REDACTED

From: Alan S. Watenmaker <alan@hswlaw.com>
Sent: Wednesday, June 27, 2018 6:45 PM
To: Mitchell, Burton; Adam Streisand
Cc: Adria Petty; Gerri Leonard; Jason.Karlov@btlaw.com; Robin Jones
Subject: Petty-- Altschul Memo

Good evening. I was able to speak this afternoon with Jason, but we haven't yet had a chance to talk with Adria with our thoughts. Jason shares my optimism that we can come to an agreement over the substance of the Operating Agreement, but I want to have be sure that all of Adria and her advisors are in agreement on this.

We have a conference call scheduled for tomorrow afternoon, although I have to leave immediately afterward for a doctor appointment. As such, I will probably not be able to get back with our comments before Friday. I appreciate the fact that David worked diligently to get his thoughtful memo to us at the beginning of the week; I'm sure that you all appreciate our need to give his memo careful consideration before responding.

Alan

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EXHIBIT 25

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August 16, 2018

Alan S. Watenmaker
alan@hswlaw.com

Burton A. Mitchell, Esq.
Jeffer Mangels Butler & Mitchell LLP
1900 Avenue of the Stars, 7th Floor
Los Angeles, CA 90067

Adam Streisand, Esq.
Sheppard Mullin Richter & Hampton LLP
1901 Avenue of the Stars, Ste 1600
Los Angeles, CA 90067

Re: Petty Trust Administration - Musical LLC - Operating Agreement
and Funding of LLC

Gentlemen:

I have spoken with Adria, who would like to bring to a conclusion our previous attempts to complete the Operating Agreement for the LLC, created to hold Tom Petty's various musical properties.

Up until now, matters pertaining to the operation of the musical businesses, as well as the exploitation of property rights owned by the Petty Trust, have been handled collaboratively on an *ad hoc* basis by Dana and Adria, in conjunction with other advisors. As you know, there have been a number of recent occasions during which the parties have had disagreements regarding the management of the musical business. Although most of those disagreements were ultimately resolved somewhat satisfactorily, they are aggravating, as well as harmful to the business due to the inevitable delays in decision-making caused by the disagreements. In the long run, this can't help but result in an unsatisfactory situation for the LLC and its members.

In order to resolve this problem, I suggest that we make one more attempt to reach agreement concerning (i) the finalization of the Operating Agreement, describing

Burton A. Mitchell, Esq.
Adam Streisand, Esq.
August 16, 2018
Page 2

how the musical businesses are to be managed by the LLC, and (ii) the immediate funding the LCC with the musical businesses currently owned by the Trust, without any further delay.

We believe that a business structure should be developed for the LLC which will minimize the likelihood of future disputes among the three managers. As such, we propose that the managers of the LLC formally engage a Professional Manager to run the day-to-day operations. The Professional Manager would also be expected to propose new business opportunities, as well as analyze and recommend projects which are presented to the LLC by others, and plan for the long-term future of the LLC.

To this end, I would be pleased to either meet in person or engage in a telephone conference with you, in hopes of resolving our differences and agreeing on a Professional Manager for the LLC. Although we are each looking out for the interests of our respective clients, there can be no doubt that those interests are most easily and profitably achieved through their cooperative and joint efforts.

We must not fail in this effort to reach an agreement in the near term. If we are unable to recodile our differences, circumstances will likely require us to seek assistance from the Court in order to deal with the operation of the LLC.

Please respond with your thoughts and suggested times for us to get together.

Sincerely,



Alan S. Watenmaker

ASW/rej
cc: Ms. Adria Petty
Ms. Gerri Leonard

H:\CLIENTS\Nq\Petty\LT BMitchell & AStreisand re LLC Op Agmt & Funding v5.wpd

EXHIBIT 26

REDACTED

From: Adam Streisand
Sent: Friday, August 24, 2018 3:09 PM
To: Alan S. Watenmaker Esq.
Subject: Petty

Alan,

So sorry I wasn't able to get back to you. I actually didn't see until now that you are out of the office today and next week. I'm on top of Burton to get the LLC doc turned around (i won't tell him you're out of town). Nothing particularly important seems to be happening right now anyway. Enjoy your time away.

Adam F. Streisand
Practice Leader
Private Wealth and Fiduciary Litigation
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<https://www.sheppardmullin.com/astreisand>
[https://en.m.wikipedia.org/wiki/Adam Streisand](https://en.m.wikipedia.org/wiki/Adam_Streisand)

EXHIBIT 27

REDACTED
REDACTED
REDACTED
REDACTED

From: Steenbock, Andrew **On Behalf Of** Mitchell, Burton

Sent: Friday, August 31, 2018 3:00 PM

To: 'alan@hswlaw.com' <alan@hswlaw.com>

Cc: Mitchell, Burton <BAM@JMBM.com>; Steenbock, Andrew <AKS@JMBM.com>

Subject: Petty - Revised Draft Operating Agreement for Petty Unlimited LLC [51989-0084]

Alan,

Attached is a revised draft of the Petty Unlimited LLC Operating Agreement. Also attached is a redline of the changes.

This revised draft replaces the previous manager structure with the appointment of Larry Jenkins as sole manager, as well as changes to related provisions.

Please let me know if you want to discuss the foregoing.

Best regards,
Burton

Burton A. Mitchell | Partner

Jeffer Mangels Butler & Mitchell LLP | JMBM

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EXHIBIT 28

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— ♦ —
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January 28, 2019

Alan S. Watenmaker
alan@hswlaw.com

Via Email and U.S. Mail

Burton A. Mitchell, Esq.
Jeffer Mangels Butler & Mitchell LLP
1900 Avenue of the Stars, 7th Floor
Los Angeles, CA 90067
(BAM@jmbm.com)

Re: Tom Petty - Trust Administration

Dear Burton:

We are pleased that the federal estate tax return has been filed. With that task behind us, we want to move forward in a unified and expeditious fashion to work together to appropriately manage and exploit Tom Petty's "Artistic Property," as he envisioned us doing under the terms of his trust. (The Thomas Earl Petty Living Trust is referred to herein simply as "the trust.")

The first step has been achieved – a California limited liability company has been formed by the Trustee, to wit: PETTY UNLIMITED LLC.

As the trust calls for Dana, Adria, and Annakim to participate equally in the management of the Artistic Property, and because each of them shares the two-fold objective of (1) enhancing and preserving Tom Petty's image/brand/reputation, and (2) maximizing the economic value and return of the Artistic Property, and because each of them is eager to contribute in a positive way toward the achievement of this objective, we call for a meeting at the first available date to discuss the ways and means by which this objective can be best achieved.

Burton A. Mitchell, Esq.
January 28, 2019
Page 2

Time is of the essence because the next album is set to be released on March 1, 2019. With that date quickly approaching, it is critical to address the marketing, promotional, and artistic considerations regarding the album. Adria and Annakim each have ideas to propose and to share with Dana. The three of them, together with such advisors as they may call upon, should take full advantage of this time, now, before the release of the album, so that they can each do whatever is necessary and appropriate to make this album release as successful and as memorable as possible.

Additionally, they should meet to discuss the items that they can agree upon with respect to the formalization of a written operating agreement. Of course, they can still meet and make decisions together without a formal operating agreement. But, in the long run, as we think you'll agree, a written operating agreement is the best way to proceed.

So, with that said, please let's schedule a meeting for Dana, Adria, and Annakim within the next several days. Please advise as to Dana's availability. Please impress upon her the importance of her participation, the shared desire of Adria and Annakim for her participation, and their good wishes for a successful joint enterprise among the three of them.

The agenda for the meeting should include, in addition to other matters that you or Dana may propose, the following:

1. Status update of the album release set for March 1, 2019;
2. Status update of the proposal to hire Irving Azoff, or in the alternative, any other professional manager, to help market and manage the Artistic Property;
3. Funding of the LLC with the Artistic Property;
4. Finalizing the written operating agreement for the LLC; and
5. Hiring counsel for the LLC.

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SABBAN &
WATENMAKER

LAWYERS

Burton A. Mitchell, Esq.
January 28, 2019
Page 3

Again, we would like to have the meeting this week. Please provide us with dates and times when you and Dana are available. The fast approaching proposed release of the next album does give rise to urgency. So, please make this a priority.

Sincerely,



Alan S. Watenmaker

ASW:EMT/rej

cc: Ms. Adria Petty
Ms. Gerri Leonard
Gregory Gershuni, Esq.

H:\CLIENTS\Nq\Petty\LT BMitchell re artistic prop mgmt v2.wpd

EXHIBIT 29

From: [Alan S. Watenmaker](#)
To: [Mitchell, Burton](#)
Cc: [ggershuni@aol.com](#); [Adam Streisand](#); [Eric Tokuyama](#); [Robin Jones](#)
Subject: Petty Unlimited Status
Date: Wednesday, January 30, 2019 6:41:40 PM
Attachments: [image004.png](#)
[image001.png](#)

Good evening, Burton. Thanks for your email response to my earlier letter regarding the need to accelerate the pace of our funding and planning for the operation of the LLC, as directed in the Petty Trust.

I trust your "detailed proposal" for the structure of the LLC will be sent to us within the next several days, given the substantial amount of time which has elapsed since we reached a roadblock in our negotiations over the Operating Agreement.

Accordingly, I would like to schedule a meeting for the coming week (February 4-8) to discuss both your proposal and the timing for the funding of the LLC. I think we should plan for a couple of hours to deal with the tasks at hand, although much will depend on the content of the proposal you will be making shortly. I look forward to receiving it.

I suggest, in the interest of efficiency, that the meeting be attended solely by counsel for the three LLC members. First, I wouldn't want to delay the timing for the meeting in order to accommodate the schedules of the three members, which may be difficult to do. In addition, I believe that the attorneys may be able to more easily reconcile any differences in positions on an objective basis if they are meeting without the three members.

Please let me know when you would be available to attend the meeting next week. By copy of this to Gregory Gershuni, I also invite him to let me know of his availability to meet next week.

I look forward to hearing from you. Alan



Alan S. Watenmaker

Hoffman, Sabban & Watenmaker, APC

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Sent: Tuesday, January 29, 2019 9:54 PM

To: Alan S. Watenmaker <alan@hswlaw.com>; Gregory Gershuni <ggershuni@aol.com>

Cc: Mitchell, Burton <BAM@JMBM.com>

Subject: Petty Unlimited Status

Gentlemen: I received Alan Watenmaker's letter of January 28, 2019 and Gregory Gershuni's letter of January 29, 2019.

As mentioned, Tom's 706 was filed with the Service 30 days ago. The IRS Form 8971 was filed with the Service today as required. We agree that the next step is the trust allocations and distributions.

You will be provided shortly with a detailed proposal for the structure of Petty Unlimited LLC, as well as a proposed agreement with Irving Azoff. A meeting is somewhat premature. Once you have had an opportunity to review the proposal, the next steps can be discussed.

Burton

Burton A. Mitchell | Partner

Jeffer Mangels Butler & Mitchell LLP | JMBM

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EXHIBIT 30

From: [Alan S. Watenmaker](#)
To: [Adam Streisand](#); ggershuni@aol.com
Cc: [Mitchell, Burton](#); [Robin Jones](#); [David E. Altschul](#)
Subject: RE: Petty Unlimited Counsel Meeting
Date: Tuesday, February 5, 2019 6:09:49 PM
Attachments: [image005.png](#)
[image006.png](#)
[image002.png](#)

Hey, Adam. I was thinking exactly the same thing as I was writing my note yesterday (and thanks for your quick reply). However, I realized that we will both be meeting for lunch on the 13th at Freeman, Freeman & Smiley. (I wonder if they will provide us with a conference room in which to meet?)

In any event, I'm up for meeting back at our offices at 2:30 on the 13th. Alternatively, we could head across the street and meet at yours at that time. I'm ok either way.

Greg, are you ok to meet on the 13th (either at my office in Westwood or in Century City at Adam's)?

Also, I note David's inclusion in this chain, which I welcome. Although you (David) haven't been directly involved in our previous negotiations on the Operating Agreement, you would be welcome to join us if you have ideas about how the three principals can formally work together on a cooperative basis. If so, are you free to meet on the 13th?

I hope we can mount this meeting no later than the 13th. It is important that we be able to move this matter forward in order to finally commence the business contemplated by Tom in his trust.

I hope to hear from you all some time tomorrow. Alan



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From: Adam Streisand <AStreisand@sheppardmullin.com>
Sent: Tuesday, February 05, 2019 5:28 PM
To: Alan S. Watenmaker <alan@hswlaw.com>; ggershuni@aol.com
Cc: Mitchell, Burton <BAM@JMBM.com>; Robin Jones <Robin@hswlaw.com>; David E. Altschul <daltschul@altolinlaw.com>
Subject: RE: Petty Unlimited Counsel Meeting

Alan,

Since I will already be in your office on the 13th at noon, it would be convenient to meet at 2:30 in your office on that date if it would work with others.

Adam F. Streisand
Practice Leader
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https://en.wikipedia.org/wiki/Adam_Streisand

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From: Alan S. Watenmaker <alan@hswlaw.com>
Sent: Monday, February 4, 2019 7:09 PM
To: Adam Streisand <AStreisand@sheppardmullin.com>; ggershuni@aol.com
Cc: Mitchell, Burton <BAM@JMBM.com>; Robin Jones <Robin@hswlaw.com>
Subject: FW: Petty Unlimited Counsel Meeting

Gentlemen. I'm glad to see your correspondence, both of you taking a constructive approach to the real issues at hand: the funding and organization of the LLC, and the operation of the LLC in promoting Tom's music.

The second of the issues may be easier to resolve once matters are organized with the Azoff office. I expect that Adria and AnnaKim will be meeting with their people to discuss the upcoming record release. I also would like to know about the substance of

the meeting(s) you may already have had with the Azoff people, Adam. If everyone is together on this, and a sensible deal can be worked out, then the engagement of Azoff's company to undertake the management of the business should go far to "normalize" the business operations of the LLC, once it commences business.

As for the first issue, I propose, once again, that the three of us meet to discuss and, hopefully agree on (i) a date by which the LLC will be funded (at least in substantial part), and (ii) an operating agreement for the LLC. Since Burton is out of town (see below), I'm writing now to get your availability to meet to deal with these topics. I would appreciate it if you would each provide me with 3 or 4 dates when you are available to get together. I'm free to meet on the following dates/times over the next couple of weeks:

Thursday (2/7) between 9:30 and 11:00am; and again after 4:00pm

Monday (2/11) between 9:30am and noon, and again between 2:30 and 6:00pm

Tuesday (2/12) between 10:00am and noon, and again between 3:30 and 6:00pm

Wednesday (2/13) between 9:00am and noon, and again between 2:30 and 6:00pm

Thursday (2/14) between 9:30am and noon.

Friday (2/15) any time after 10:00am, until 6:00pm

I'd be happy to host the meeting, but first let's get a date and time when we are all available. Please let me know which, if not all, of the above "windows" works for you guys.

I look forward to hearing from you, and to our getting together for our meeting. . Alan



Alan S. Watenmaker

Hoffman, Sabban & Watenmaker, APC

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From: Mitchell, Burton <BAM@JMBM.com>

Sent: Friday, February 01, 2019 4:57 PM

To: Adam Streisand (ASTreisand@sheppardmullin.com) <ASTreisand@sheppardmullin.com>; Alan S. Watenmaker <alan@hswlaw.com>
Cc: Mitchell, Burton <BAM@JMBM.com>
Subject: Petty Unlimited Counsel Meeting

Alan, please speak with Adam. I'm on my way to NY. I'm not sure that I'm need in this meeting. Burton

Burton A. Mitchell | Partner

Jeffer Mangels Butler & Mitchell LLP | JMBM

1900 Avenue of the Stars, 7th Floor, Los Angeles, CA 90067

D: (310) 201-3562 | **F:** (310) 712-8562 | **E:** BAM@JMBM.com

VCARD



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EXHIBIT 31

From: [Alan S. Watenmaker](#)
To: [Adam Streisand](#)
Cc: [David E. Altschul](#); [Gregory Gershuni](#)
Subject: Petty- Meeting Follow-up; (same note, now being sent to the intended party (Adam))
Date: Friday, February 15, 2019 5:54:20 PM
Attachments: [image001.png](#)

Adam,

I am glad we were able to meet and clear up some of the seeming misunderstandings / miscommunications by our respective clients.

To recap, I note the following:

1. Greg is going to be proposing some revised terms to aid in the operation of the LLC. I expect him to get his revisions to us over the weekend.
2. With the LLC having been formed on March 28, 2018, and Dana, Adria, and Annakim being designated on June 4, 2018, as the LLC's managers, I reiterate our request for immediate transfer of the Artistic Property from the Administrative Trust to the LLC so that the LLC can start addressing some of the more immediate issues at hand.
3. In addition, and of more immediate importance, is the finalization of a deal with the Azoff firm. We'd like this to be accomplished before you leave on vacation. Without agreed-upon management in place, to wait for almost a month until your return puts the business operation in limbo for that period. Hopefully we can deal with the issue of finalizing a deal with Azoff on Tuesday. Please be available and we will try to get Azoff's folks and David on board as well for a Tuesday meeting or telephone conference so we can put any remaining issues to bed.
4. Finally (for now), I would like to set the record straight with respect to your assertion that Dana was somehow maligned or slandered by Adria's comment regarding Dana's unavailability during the meeting had by Adria and Annakim with either Warner Bros. or Universal. I trust that you realize now that there was no slander and Dana was not maligned at all. Adria's statement that Dana was "on vacation" was intended as a benign explanation for her unavailability, as Dana was not participating with Adria and Annakim in their meeting. Nothing untoward, inflammatory, or derogatory was intended. To the extent it was taken that way by Dana, please accept our apology for the imprecise use of language. Nonetheless, it was not defamatory, nor was it intended to be. Adria is committed to nurturing a warm, friendly, peaceful, and productive working relationship with Dana and we trust Dana shares that same intention toward Adria.

That's all for now. We hope to speak further on Tuesday.

Best regards,

Alan



Alan S. Watenmaker

Hoffman, Sabban & Watenmaker, APC

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EXHIBIT 32

From: [Adam Streisand](#)
To: [Alan S. Watenmaker](#)
Cc: [David E. Altschul](#); [Gregory Gershuni](#)
Subject: Re: Petty- Meeting Follow-up; (same note, now being sent to the intended party (Adam))
Date: Saturday, February 16, 2019 3:32:24 PM
Attachments: [image001.png](#)

Thx Alan. Look, please be mindful of the fact that we've been sending proposals and draft operating agreements to you for a very long time now, and there is radio silence for months, and then a new direction that Adria wants to pursue, and so on and so forth. So we are just as eager as you to get this accomplished in a way that creates a workable structure for them to manage this business with Adria's new choice of manager. We look forward to your comments to our latest proposal. While it is true that now David and I will be away for three weeks, this has been a very long process and once again Dana is doing everything possible to accommodate Adria's newest direction. Meanwhile, though there were certain changes to the Best Of project that Adria wanted and that Susan discussed with Dana, and Dana approved, Dana has also allowed Adria to override multiple other decisions Dana made on Best Of, which she only heard about from UMG. While that is not how this business should operate, and we need a real process for decision-making, we are doing everything we can here to just try to find a workable, peaceable path forward.

Adam F. Streisand

Practice Leader

Private Wealth and Fiduciary Litigation

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[+1 415-774-3226](#) | SF direct

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ASTreisand@sheppardmullin.com

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https://en.wikipedia.org/wiki/Adam_Streisand

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On Feb 15, 2019, at 5:54 PM, Alan S. Watenmaker <alan@hswlaw.com> wrote:

Adam,

I am glad we were able to meet and clear up some of the seeming misunderstandings / miscommunications by our respective clients.

To recap, I note the following:

1. Greg is going to be proposing some revised terms to aid in the operation of the LLC. I expect him to get his revisions to us over the weekend.
2. With the LLC having been formed on March 28, 2018, and Dana, Adria, and Annakim being designated on June 4, 2018, as the LLC's managers, I reiterate our request for immediate transfer of the Artistic Property from the Administrative Trust to the LLC so that the LLC can start addressing some of the more immediate issues at hand.
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That's all for now. We hope to speak further on Tuesday.

Best regards,

Alan

<image001.png>

Alan S. Watenmaker

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EXHIBIT 33

From: [GREGORY GERSHUNI](#)
To: [Adam Streisand](#)
Cc: [Alan S. Watenmaker Esq.](#); [David E. Altschul Esq.](#)
Subject: Re: Petty
Date: Saturday, March 2, 2019 8:21:49 AM

Thanks Adam for your note. I hope your vacation (and David's) is going great!

I've been working on the revisions to the proposed management structure. I have been giving very careful thought to it all. Ultimately, it has to be something that will work for everyone. I think I have a good handle on it now and I expect to get something out straightaway.

Best professional regards,
Gregory Gershuni
The Gershuni Law Firm
11377 W. Olympic Blvd. Suite 521
Los Angeles, CA 90064
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(310) 344-2075 Cell
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On Mar 2, 2019, at 5:24 AM, Adam Streisand <ASTreisand@sheppardmullin.com> wrote:

Greetings,

I was hoping that we would have Greg's comments to our proposal before David and I left on our trips, but in any event, I am still hoping we will see it soon. We can certainly try and make progress before our return in a little more than a week. Thx and hope all is well back in LA!

Best, Adam

Adam F. Streisand
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EXHIBIT 34

REDACTED

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

From: ggershuni@aol.com
Date: March 6, 2019 at 10:56:58 PM GMT+1
To: ASTreisand@sheppardmullin.com, alan@hswlaw.com,
daltschul@altolinlaw.com
Subject: PETTY UNLIMITED LLC

Dear Adam, Alan, and David,

Sorry for the amount of time that it has taken me to put this together. I have had a few intervening distractions and I have wanted to give careful thought to what goes into this document. I started the drafting process with a more limited intention which evolved over time. Each time that I returned

to the drafting process I made further changes. I trust you will agree the final product is an appropriate, fair-minded, code-compliant series of guideposts for the Managers of the LLC.

Perhaps it is opportune that you have been busy with your vacations.

Anyway, attached is the product of my efforts to assemble a proposed set of protocols to facilitate and guide our respective clients as Managers of PETTY UNLIMITED LLC.

Of course, as a first order of business Dana must execute the documents necessary to legally transfer the "Artistic Property" assets from the trust to the LLC. How soon can that be done?

Next will be the adoption of a formal Operating Agreement which, hopefully, can be modeled in large part on the concepts set forth in the attached "Protocols" document.

I look forward to hearing back from each of you.

Best professional regards,

Gregory Gershuni

Gregory Gershuni
Attorney at Law

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-----Original Message-----

From: Adam Streisand <ASTreisand@sheppardmullin.com>

To: Gregory Gershuni Esq. <ggershuni@aol.com>; Alan S. Watenmaker Esq. <alan@hswlaw.com>; David E. Altschul Esq. <daltschul@altolinlaw.com>

Sent: Sat, Mar 2, 2019 5:24 am

Subject: Petty

Greetings,

I was hoping that we would have Greg's comments to our proposal before David and I left on our trips, but in any event, I am still hoping we will see it soon. We can certainly try and make progress before our return in a little more than a week. Thx and hope all is well back in LA!

Best, Adam

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Protocols for the Management of
PETTY UNLIMITED LLC

1. PETTY UNLIMITED LLC (“the Company”) is managed by three managers, to wit: Dana Petty, Adria Petty, and Annakim Violette (referred to herein as “MANAGERS”), or their respective successors. It is the intention and agreement among the MANAGERS to collaborate and cooperate in carrying out their responsibilities as managers in accordance California’s Revised Uniform Limited Liability Company Act (“RULLCA”) and such other statutes and regulations as may be applicable, and such express written agreements as may be subscribed to in writing by the MANAGERS. Any matter relating to the LLC’s activities shall be decided exclusively by the MANAGERS.
2. Recognizing that each of the MANAGERS has an economic interest as well as an artistic interest in the Company’s enterprise and purpose, including the advancement, preservation, and appropriate use of the Artistic Property transferred to the Company by the THOMAS EARL PETTY TRUST, and recognizing further that each of the MANAGERS has talents and qualifications which uniquely qualify each of the MANAGERS to so serve, the MANAGERS agree to collaborate and cooperate in carrying out their responsibilities.
3. As MANAGERS, each shall have equal rights in the management and conduct of the LLC’s activities. Each MANAGER, with an equal voice, each agrees to give full and fair hearing to the voice of each MANAGER.
4. To the extent that unanimity can be achieved in decisions that are to be made, the MANAGERS will strive for unanimity. However, unless written agreement of the parties and/or California law require unanimity for any given decision, unanimity shall not be a prerequisite to taking action that is approved by a majority of the MANAGERS and in such instance(s) a difference arising among MANAGERS as to a matter in the ordinary course of the LLC’s activities will be decided by a majority of the MANAGERS.
5. For any action that may be taken by a decision of only a majority of the MANAGERS, the decision shall be communicated in writing (whether via email, fax, or hard copy personally delivered or mailed) as far in advance as practical so as to give the non-voting or dissenting MANAGER an opportunity to call for a meeting to further discuss and reconsider such decision.
6. The consent of all members is required to act outside the ordinary course, including the sale, lease, exchange or otherwise disposition of all, or substantially all, of the LLC’s property, with or without goodwill.
7. Any merger or conversion of the LLC shall require that the plan of merger or plan of conversion be approved by all MANAGERS and at least a majority of the members of each class of membership.
8. While the LLC may, by a majority vote of the MANAGERS, hire and fire a business manager, personal manager, an attorney, agent or other advisors or consultants to serve the LLC, each

MANAGER individually, at her own expense, shall be entitled to draw upon the advice and counsel of lawyers, consultants, business managers, personal managers, or other advisors, so as to provide as much information as may be available to enable the MANAGERS to make fully informed decisions.

9. No person serving as a MANAGER of the LLC shall have any personal liability for any contract, tort, or other obligation of the LLC solely by virtue of being a MANAGER. Provided, however, each person serving as a MANAGER shall abide by his or her duty of care and loyalty to the LLC. Each member of the LLC shall abide by his or her duty of good faith and fair dealing with respect to each of the other members. The LLC will reimburse and indemnify each MANAGER for any debt, obligation, or other liability incurred on behalf of the LLC so long as such MANAGER is in compliance with his or her statutory duties.

10. Recognizing the circumstances sometimes require immediate decisions, the MANAGERS acknowledge that the foregoing protocol for discussion, decision-making, and possible reconsideration, might not always yield an opportunity for a change in a decision or action previously approved by only a majority of the MANAGERS. Where such a decision or action by only a majority of the MANAGERS is otherwise lawful, failure to engage in the reconsideration protocol shall not be a basis for interfering, interrupting, or otherwise delaying such decision or action. However, each MANAGER shall endeavor in good faith, without obligation, to reconsider decisions made on the basis of majority decision when requested by a dissenting MANAGER to do so.

11. The MANAGERS acknowledge and agree that the personal manager selected by the MANAGERS shall be given such authority as may be usual and customary to enable the business manager to facilitate negotiations and day-to-day operations on behalf of the Company.

12. Actions of the MANAGERS shall be taken at meetings or in such manner as may otherwise be agreed upon by a majority of the MANAGERS. While no regular meetings of the MANAGERS need be held, the MANAGERS shall proactively communicate and collaborate in discussions and decision-making on an as-needed basis. MANAGERS shall solicit opinions and advice from appropriate professionals on an as-needed basis. Any two MANAGERS may call for a meeting of the MANAGERS by giving Notice of the time and place of the meeting at least 48 hours before the time of holding the meeting. If a MANAGER is unable to attend a meeting upon receipt of Notice, attempts will be made to allow that MANAGER to join the meeting by telephone, video connection, or such other electronic means as may be available in order to allow that MANAGER to participate in the discussion at hand and to vote on the question being considered. A majority of MANAGERS shall constitute a quorum for the transaction of business at any meeting of the MANAGERS. Any action required or permitted to be taken by the MANAGERS may be taken without a meeting through the use of a teleconference, videoconference, or similar communications equipment, provided that all MANAGERS participating in the meeting can hear one another.

13. Notwithstanding anything to the contrary stated elsewhere herein, the following activities shall require a vote of all three of the MANAGERS:

- (1) The sale, lease, exchange or other disposition of all or substantially all of the LLC's property, with or without the goodwill, outside the ordinary course of the LLC's activities;
- (2) Except as provided in Article 10 of the RULLCA (concerning Mergers and Conversions), any other act outside the ordinary course of the LLC's activities;
- (3) The outright sale of any IP ASSETS; and
- (4) Such other activities which may, by statute, require unanimous consent of all three MANAGERS.

14. All other activities, including but not limited to the following enumerated activities, shall require a vote of at least a majority of the MANAGERS but such vote shall be conducted only after giving due notice and calling for and conducting a meeting of the LLC's MANAGERS:

- (1) The licensing of any assets owned by the LLC ("IP ASSETS") for political, social cause or product or service advertisements. This is essential to preserve the core directive: "What would Tom have wanted?"
- (2) All material expenditures of funds;
- (3) All material borrowing of any funds on behalf of the LLC;
- (4) Entering into any new administration, co-publishing or distribution agreement for any IP ASSETS or any amendment of any pre-existing agreement with regard to any IP ASSETS;
- (5) Any agreement for use of IP ASSETS;
- (6) Licensing of name, image and likeness;
- (7) The undertaking of any tribute or other concert (whether a "one off" or tour).
- (8) Hiring any employee or advisor, manager, agent, or other representative;
- (9) Approval of any record releases by Warner, Universal or other entity;
- (10) Entering into any merchandising agreement;
- (11) Design of or approval of packaging of record releases and marketing materials (including, without limitation, photography, cover design, liner notes);
- (12) Approval of designs for merchandising for sale and categories of products;
- (13) Approval of any license for use of master recordings or musical compositions by a third-party licensee, regardless of the size of the license fee;

(14) Approval of website designs.

15. No single MANAGER shall position herself or hold herself out to the public or to any third party as the lead or sole decision-maker or head of any distinct areas relating to the LLC. No single MANAGER shall purport to bind the LLC to any agreement or other obligation without first soliciting and obtaining the requisite written consent and approval from the MANAGERS in a manner consistent with these protocols. In any meetings, calls or other communications on their own discussing the business of the LLC, each MANAGER shall refrain from portraying herself as authorized to bind the LLC absent written authorization to do so consistent with the protocols set forth herein. All management shall be by committee pursuant to the decision-making protocols set forth herein. No MANAGER shall use any official title (e.g. "President," "CEO," etc.) in referring to her role on behalf of the LLC.

16. It is the goal of the MANAGERS that each MANAGER shall have the opportunity to participate fully and be heard, with each having an equal voice, all for the purpose of preserving, maximizing, and enhancing the value of the assets of the LLC.

17. Media Opportunities. All three MANAGERS will have the right and shall be given the opportunity to fully participate in any and all opportunities for live and print media interviews and the issuance of news releases, announcements, advertising or other publicity relating to the business of PETTY UNLIMITED LLC. No single MANAGER shall individually issue any press release or otherwise participate in any media interview(s) without the prior knowledge and consent of the other two MANAGERS.

18. Non-Disparagement. Each MANAGER, for herself, covenants and agrees that she shall make no disparaging, negative, or critical statements, orally or in writing, about the other MANAGERS or their respective agents and employees.

-o0o-